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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES APPROPRIATIONS FOR 2001
AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RELATED
AGENCIES APPROPRIATIONS FOR 2001

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG
ADMINISTRATION, AND RELATED AGENCIES

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND
RELATED AGENCIES APPROPRIATIONS FOR 2001

Thursday, February 17, 2000.

OFFICE OF THE INSPECTOR GENERAL

WITNESSES

ROGER C. VIADERO, INSPECTOR GENERAL, OFFICE OF THE INSPECTOR GENERAL
JAMES R. EBBITT, ASSISTANT INSPECTOR GENERAL FOR AUDIT, OFFICE OF THE
INSPECTOR GENERAL
GREGORY S. SEYBOLD, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATION,
OFFICE OF THE INSPECTOR GENERAL
DELMAS R. THORNSBURY, DIRECTOR, RESOURCES MANAGEMENT DIVISION, OFFICE
OF THE INSPECTOR GENERAL
DENNIS KAPLAN, BUDGET OFFICE, DEPARTMENT OF AGRICULTURE

Opening Remarks

Mr. Skeen. I want to say good morning to you today. We have with us USDA's Inspector General. I want to welcome you, Roger, and your staff. It is good to see you.

Mr. Viadero. Likewise, Mr. Chairman. Thank you.

Mr. Skeen. In this business it is difficult to fund all the priorities that are out there. It is one thing to propose a budget, it is an entirely different thing to act on it. We appreciate the work you do and we are fully aware of your presence out there to make sure USDA programs are running the way they were intended to run. We will do our best to make sure you have adequate resources to do your job.

We had a marathon session yesterday with your boss, and even though our boss gave us the day off today, we made a commitment to you to be here. Again, we welcome you and if you will hold off a minute, we will let Ms. Kaptur have a few words, and then we will speed this one down the road.

Ms. Kaptur. Thank you, Mr. Chairman, very much. We welcome Mr. Viadero and your superb staff. I look forward to your testimony. Don't be deceived if there are only two members up here. We will make a difference. We will proceed forward and we really are very impressed with the work that you do, and if I have a general concern, it is how to get you, for your own operating budget, more of the funds that you actually recover through your work. I will be asking questions about that during the time allotted for that. So please proceed and thank you, Mr. Chairman.

Mr. Skeen. Thank you.

Roger, I want to begin with you giving your opening remarks.

Mr. Viadero. Well, Mr. Chairman, this is my sixth

presentation before you since I was put in this position.

Mr. Skeen. Some of us are getting older as we go along with this, but we are steady.

Mr. Viadero. Like a good wine, we age better, but you will be happy to hear I have a five-minute statement this year.

Mr. Skeen. We are very happy to hear that.

Mr. Viadero. I am sure you would be. To that end, Mr. Chairman, I would like to say good morning to you and Ms. Kaptur and other members of the committee as they arrive. I am pleased to have the opportunity to visit with you today to discuss the activities of the Office of Inspector General. I know the committee's time is limited, so with your permission, I will briefly provide you some short comments on OIG's activities and then respond to your questions.

Introduction of Witnesses

I would like to introduce members of the staff that are with me here today. I would like to introduce to my left, Jim Ebbitt, the Assistant Inspector General for Audit; to my right, Greg Seybold, the Assistant Inspector General for Investigations; and of course the real anchor of the team, Mr. Del Thornsbury, the Director of Resources Management Division. I am sure you will join me in also welcoming Mr. Dennis Kaplan from the Office of Budget and Program Analysis.

Mr. Skeen. We are very familiar with the gentleman. He does good work.

Opening Statement

Mr. Viadero. I want to thank the committee for its support during the nearly five and a half years since my appointment as Inspector General. We have tried to work closely with you and I hope that we have been able to address some of your concerns.

In fiscal year 2000, our primary concerns continue to be in the areas of food safety, public health and consumer protection. In the food safety arena, we continue to identify contaminated food, misbranded products, uninspected meat or other products or items smuggled into the United States containing unwanted and unsafe pests and diseases.

We also are focusing our efforts on the department's financial information systems which process literally billions of dollars in payments and extraordinary amounts of sensitive data.

Before I continue, I would like to take a minute to address an issue that has me deeply troubled. I want to speak to you of the special agents and auditors, the men and women who carry out the mission work of this agency. These dedicated individuals have literally saved the lives of large numbers of our citizens, especially children and the elderly.

They have saved our precious tax dollars, worked with USDA agencies to restore integrity to our programs and protected American agriculture. I am immensely proud of them and sincerely hope that you are as well.

While I have reported to you some of their accomplishments, I have not told you how they have been stretched beyond the breaking point. Our responsibilities have increased

significantly since my arrival, but our staff and resources have continually diminished. For instance, in January 1993, we had 875 employees on board. Now we have only 665 or 210 less, which represents a 24 percent loss. Yet 665 people means little until we consider that the Department's budget, including loan authority, currently is \$177 billion with a personnel staff of approximately 110,000 people for fiscal year 2000. In addition, the operations and actions of millions of companies, plants and individuals, are regulated by USDA. When we compare OIG staffing to the Department's programs and personnel, we find that each auditor must ensure the integrity of approximately \$635 million in program activity. Each special agent is responsible for investigating all crimes involving nearly \$840 million of USDA funds and any crimes committed by the Department's employees such as embezzlement, theft, bribery or extortion. While I recognize that funding is limited, I believe OIG cannot continue to provide sufficient service and assistance to you and to other USDA agencies without adequate resources, and I request that our proposed funding level be approved.

Mr. Chairman, at this time, I would like to briefly touch on just three of our high profile audit and investigative areas. First, last year the Inspector General's Office began an antismuggling campaign to interdict foreign agriculture products that are being illegally brought into this country. Such products can contain pests and diseases that could be catastrophic to U.S. plant and animal populations. These ongoing investigations have uncovered sophisticated smuggling conspiracies that are bringing in large quantities of agricultural products, all of which could harbor pests and diseases that could devastate the U.S. agriculture sector. For example, there is heightened concern as we speak in California because of the fruit fly quarantine imposed as a result of these pests being introduced. OIG must do proactive work to ensure these destructive pests are not being smuggled into the country to infest our plants and crops, thereby destroying local economies. Second, at last year's budget hearings, I reiterated our continuing commitment to placing a high priority on food safety and consumer protection issues. During the last few months, criminal investigations have necessitated the immediate deployment of special agents to several cities in the United States to protect the health and safety of consumers. These cases, some of which are still ongoing, have involved real or threatened adulteration of meat with the E-coli and Listeria Monocytogenes bacteria from unsanitary production methods intentionally neglected by the processor, such as sewing needles placed in commercial meat product packages at the supermarket to injure and possibly kill unsuspecting consumers, and substances such as soy or water added by the processor for pure economic gain. To address these serious threats and illegal acts against the public's well-being, we are pursuing joint activities with other Federal, State, and local agencies to share intelligence and conduct undercover operations. Doing so will help us better target criminal enterprise in general and the threat to the food supply in packing plants and other facilities in particular.

Third, Mr. Chairman, our current investigation in New York City epitomizes the agency's work involving public corruption.

Thus far, this ongoing investigation has yielded nine AMS, Agriculture Marketing Service graders which have pled guilty to charges of accepting bribes for downgrading the quality of fruit and vegetables at the Hunts Point Terminal Market in the Bronx. In addition, 15 produce wholesalers have been indicted on charges of paying bribes to these graders. In this scheme, the wholesalers used the lower grades to negotiate the price they paid the grower for the produce downward, which resulted in the growers being cheated out of the true value of their produce.

The picture we brought with us, Mr. Chairman, is an aerial view of the Hunts Point Terminal Market in the Bronx where we arrested eight of the nine AMS graders. I believe this picture gives you a good perspective of the size of the market. We are told that it is the largest fruit and produce market in the world. It is absolutely an astonishing place.

This concludes my oral presentation, Mr. Chairman, and I would be pleased to respond to any questions you may have.

[The statement of Mr. Viadero follows:]

URBAN RESOURCES PARTNERSHIP PROGRAM

Mr. Skeen. Thank you, and I want to begin by focusing on an evaluation report that your office has conducted on the Urban Resources Partnership Program. The report states that 131 awards, in four cities, valued at \$3.4 million did not meet the purposes of the statutes, from which the award was funded. More striking is the fact that prescribed process for implementing over \$20 million in Federal financial assistance was not followed for the Urban Resources Partnership Program. Again, the program from your perspective, how does a program like this continue for 6 years without regulations being promulgated in the Federal registry?

Mr. Viadero. We came up with the same question, Mr. Chairman.

Mr. Skeen. No answer?

Mr. Viadero. Not definitive at this time. We found the response that we received somewhat lacking, and we are still working with the mission area to get a more responsive answer.

Mr. Skeen. Your report states that the Department did not select cities to participate in the Urban Resource Partnership Program on a consensus basis. From an Inspector General's viewpoint, is this the best way to run a program of this type?

Mr. Viadero. No, sir. I think across the country, competition is the fairest and safest way to present these public funds.

Mr. Skeen. You state in your report that Urban Resources Partnership Projects, components of projects were funded that did not fall within the authorities of the Forest Service or NRCS. Could you discuss in some detail what these projects or components of projects were.

Mr. Viadero. Yes, sir. First of all, during our audit, we looked at approximately \$18,700,000, which was given to the Urban Resource Planning Group, or URP, if you will, from '94 to '97. We went in and sampled \$4.4 million and questioned \$3.4

million or 75 percent of that. Now, the URP money had to be spent on erosion-related projects. What we found, were projects that did not meet this criteria. For instance, in one city we found a wall mural had been painted, with absolutely no message attached to it about erosion or conservation. In another city, we found monies being given to a local law office to raze or demolish derelict properties, again, with no impact on erosion. And we have several other examples.

Mr. Skeen. Your report indicates that the Forest Service-- according to your letter that was dated November 22, 1999, to the Under Secretary, you stated that you needed additional information as set forth in the recommendation section of the evaluation report by December 31, 1999. Have you received that information and are you satisfied that management decisions will address the problems in this program?

Mr. Viadero. Yes. We got a response on February 3 from the Under Secretary. We reviewed it and we are still working with the Under Secretary on that because we cannot reconcile a management decision on his response.

Mr. Skeen. Ms. Kaptur.

MONETARY RESULTS

Ms. Kaptur. Thank you, Mr. Chairman. I want to thank Mr. Viadero for his excellent testimony. I am very interested in the budget issues that you raise, and the diminishing level of staff that have characterized your particular division for several years now. I am interested in knowing, if you could walk us through, or if you could submit for the record how many dollars you actually recovered through the various investigations that your staff and you have done over the last 3 or 4 years. Could you give us an idea whether those recoverables have been increasing, flat, decreasing, and then could you tell me whether there is any other department in the government of the United States where the IG's recoverables have been returned to that department? Or are you essentially in the same position as every other cabinet level department in the United States in not being able to use the assets that you recover?

Mr. Viadero. In response to the last portion of your question, we are prohibited from using the amount that we recover. We are like everybody else there. It all goes back to the General Fund in the Treasury Department. All parts of recovery get recovered by the court system, and they go back through the court system and into the General Fund. Relating to any monies that we gather through assets forfeiture, which you folks were more than kind to us and allowed us to recover, right now we participate with the Department of Justice fund. Of the monies that we collect, we get approximately 3 percent, or 3 cents on a dollar back on that.

Ms. Kaptur. I read in one of your notes here you got back \$940,000 last year?

Mr. Viadero. That is right. We seized more than \$27 million in assets.

FINES AND RECOVERIES

Ms. Kaptur. This is really troubling to me. This has been nagging at us for several years now. I have been wondering whether we could do one of two things. In the supplemental that is coming up, or in other legislation, could we permit the department or any department to recover back some of the assets and the dollars that you actually recover through fines and so forth, perhaps setting a baseline at some level. Some of it would go back to DOJ and some of it would filter back to you. I wonder how you would think through that issue.

As you know, if you take money from DOJ, it goes into the General Fund or wherever it seems like it would get spent, so you would spend the money as well, but you recover more dollar for dollar. I want to know what the arguments are we could use in either case, if we were to try to present this legislatively this year as part of the supplemental or the regular appropriation.

Mr. Viadero. That is an interesting point you brought up, Ms. Kaptur, so far as supplementals. One thing that would be very helpful to us and very beneficial is that, on any supplemental appropriation that this committee comes out with for the Department, we be given, let's say a half a percent of that appropriation earmarked specifically for oversight of the monies appropriated. That would be a big, big benefit to us. One point of clarification on the forfeiture money, please understand that we don't get to use much of the forfeiture money for routine funding needs. What we do with some of the forfeiture money is when we have joint operations with other state and local organizations, we can reimburse them for their overtime and special equipment that they need. So we don't receive all of that forfeiture money for ourselves.

Ms. Kaptur. It would seem to me that is a disincentive to the IG to do a good job, because you are stuck in a regular budget process, whether you recover \$27 million or \$2 million. So explain to me what is the rationale for not permitting your department to be reimbursed for monies that you actually recover?

Mr. Viadero. I believe, ma'am, it goes back many years ago, and nobody wants to be accused of going out and, pardon the expression, ``head hunting'' for fines and recoveries, and that is what has been raised. If an agency goes out and just does fines and recoveries, it is only for what? It is only so they can bolster their own budget. We don't get any benefit out of it. That is the easier response. The vast majority of the money that we bring in goes back to the Treasury. But, Ms. Kaptur, we do concur with you that we see a need and perhaps we can work with you and the staff and see if we can present or develop a plan that would be amenable to all parties.

Ms. Kaptur. What I was thinking about is that you state in your prepared testimony that thousands of prosecutable cases are in the file.

Mr. Viadero. Yes, ma'am.

Ms. Kaptur. But due to diminishing resources, you can't move them forward. If you were given an increase in funding over your request, or if you were permitted to retain more of what you actually recover, I am wondering if you would be inclined to use these funds on expanding efforts which then might recover more funds. So maybe we could figure out a way to

put some language in a bill that wouldn't take away all the Department of Justice funds, but would give you some share of the increased cases that you would be able to prosecute.

Mr. Viadero. Ms. Kaptur, you just echoed my sentiments. You are my hero for today.

Ms. Kaptur. I need that today.

Mr. Viadero. Given more, we can do more. That is simple. I think we have increased our productivity so far as the cases that we are targeting and the audits that we do. We are doing larger audits, more intensive audits on some very significant areas. We are doing larger proactive investigations in areas where they are needed. But we have literally thousands of cases that remain unaddressed because we just can't get to them. It is sort of a pick-and-choose operation. You try and maximize your resources to have the maximum effect. Before I forget, one of your questions was, do any other inspector generals have a reimbursement agreement such as you are mentioning, and it was brought to my attention that the HHS IG has that type of reimbursement. But again, we would be happy to work with you and the staff, all the staff, to see if we can develop a plan and maybe take some remedial action with this.

Ms. Kaptur. I think we should really probe this. I know I am over time here, and I will have some followup questions. This makes eminent sense for us to get into as a committee. It is good for the public. It is good for your operations. From a budgeting standpoint, it doesn't make any difference in terms of the combined accounts of the government of the United States. So in ending, could you--you said--you recovered \$27 million this past year?

Mr. Viadero. That was just in estimated forfeiture assets seized. That is just forfeiture. In fines and recoveries----

Ms. Kaptur. Could you give us the recoveries for the last 3 years?

Mr. Viadero. I will supply a list for the record for you for the last 3 years.

Ms. Kaptur. All right. And if you could break it down.

Mr. Viadero. We will break it down by category.

Ms. Kaptur. Thank you so much.

Mr. Viadero. Thank you, ma'am.

[The information follows:]

Mr. Skeen. Mr. Boyd.

Mr. Boyd. Thank you very much, Mr. Chairman.

And Mr. Viadero, thank you for being here today.

Mr. Viadero. Yes, sir.

Mr. Boyd. I have several questions. Mr. Chairman, I assume we will have a couple of rounds.

Mr. Skeen. Your assumption is well taken. If you are quick.

HUNTS POINT MARKET INVESTIGATION

Mr. Boyd. Mr. Viadero, I know that you and your agency do a lot of very important work, and in the process, find a lot of folks that are doing illegal things. I guess one of the most troubling to all of us, and I am sure to you, is to find

corruption within the Federal government. It certainly undermines the confidence that the public, in this case, our produce producers, have in the agency which we pay our tax dollars to protect us. You briefed many of the members of this committee individually on the situation at Hunts Point. I understand that last week there were some plea bargain agreements entered into with USDA employees on the Hunts Point inspection facility. Up until now, the USDA has been unable to discuss with producers any details of the situation and particularly what it intends to do to right the wrong that was done by Federal employees to these producers. Can you update us now on what the agency will be doing to proceed in that direction?

Mr. Viadero. Yes, sir, but by way of background, in your folders which we supplied to all the members, on the left side we have a copy of a printout of our Web page, and this is relating to the bribery charges at the Hunts Point Market in the Bronx, and therein name the inspectors and the wholesalers which were indicted. All of the graders/inspectors have pled guilty to bribery charges. They did that last week. They were indicted on probably the single most serious charge of the Criminal Code in the United States short of treason and sabotage, they were indicted on racketeering. It was a racketeering-influenced, corrupt organization and enterprise that they had formed amongst themselves. And this enterprise had impact coast-to-coast, border-to-border, Canada to Mexico, California right out to Boston. It is just unbelievable. Every one here, every one, all the members, if you have agriculture in your districts, your producers, your growers, your packers, your shippers were impacted by this operation. This is strictly based on greed. These men sold themselves for \$50 to \$100 a truckload to what we call ``knock the load''--downgrade the produce. My office wanted to say, what else is going on here, how far-reaching is this, how extensive is this. We put this out on the Web site. It is interactive. Folks here, you can scan it at your leisure.

What we are looking for is documentation from the growers, the packers, the shippers, to come forward and tell us. Well, they are.

I have been in contact with the Florida Fruit and Vegetable Growers Association. I am going down in a few weeks to make a presentation to them. We are going down to meet with the folks from Georgia. And I am addressing the National Fruit and Produce Association in Phoenix next weekend and, yes, we will share with them because they are part of it. They are the victims here. Actually, the victims are in the room. We are all the victims. This is a tax that these people have basically said, ``I need for myself.'' Corruption is a tax upon the public. What I have tried to do here at the Office of Inspector General is keep the process as transparent as possible so that you, our clients, our members here, understand what we are doing. We are trying to get the affected parties, the growers, the producers, the packers, the shippers involved, to let us know what has been going on here.

We have received several calls from AMS. We are working with AMS which is developing a program. They stated they were going to go out and show a videotape and require all of their

graders to have ethics training. I think that is a first step. I don't know how far that has proceeded, how many markets it has gone out to but we continue to look.

Mr. Boyd. I know my time has expired, but I understand your answer to be that you are trying to gather the information necessary to determine how widely this has affected producers? You will then turn that information over to your superiors at the Department, and that decision will be left in their hands?

Mr. Viadero. We are going to take a look at it, and where there is evidence of criminality, present it to the local United States attorney concerned to see if we are going to get a prosecutive opinion on that.

Mr. Boyd. I understand that, the prosecution side. But the other side is at some point in time, we have to deal with the producers who have been cheated.

Mr. Viadero. Well, we have asked--as part of the agreement here, we have asked the producers to respond because there might be money. I am not qualified to state this, but there might be some funds under PACA, Perishable Agricultural Commodities Act. We also asked Justice to look at an antitrust restraint of trade in which the antitrust division of the Department of Justice is looking at it against the wholesalers, and maybe they will receive some remuneration that they can pass back to the victims here.

Mr. Boyd. Thank you very much.

Ms. Kaptur. Would the gentleman yield on that. I just wanted to ask what type of information are you looking for from the local producers, packers, and distributors in local--let's say the Midwest. What would you be looking for?

Mr. Viadero. We would be looking for the date they shipped produce, where they shipped it to, what the grade was when it left, what it was regraded at--if it was regraded, and what it was regraded at at the market. All the shipping detail, Ms. Kaptur, is right on this form that we provided. It is on the Web site. If I can, I got a call last week from a producer down south. This individual had a truckload of 1,500 cartons of green peppers. And the value of those green peppers, they tell me, was \$10 a carton. So \$15,000 for the truck. He went to a market, which unfortunately, I cannot tell you which market he went to. The peppers left as grade A fancy. They came out as grade C. Basically the truck driver, a contractor shipper, called them and said, listen, it is only costing you \$3,200 to ship this product because it is a worthless load. The grader had said there were so many red peppers. Now it was worthless.

So this man was exposed to a loss. And this is a small producer. This is a farmer. He was exposed to a loss of about \$20,000. He was going to get nothing. So I said, ``what did you do?'' He said well, I called another wholesaler that I have been dealing with in the area. It took him five cartons to makeup the 1,500 cartons. Five cartons. Now, we are looking at this one because I think it will probably get presented to the United States attorney. But this is one example. Here's a loss to the farmer of about \$20,000. So you give the grader \$50 or \$100. The question is, where does the bulk of the \$20,000 go? It goes to the wholesaler. I can't see \$20,000 worth of savings being passed on to the consumer on that load.

Basically this is the first time that the Inspector General of the Department of Agriculture, who historically has been

harangued for being a nemesis of the farmer, to come out and say we want to help you, and I think we are helping them. Based upon the responses we are getting, again, coast-to-coast, border-to-border, I just don't think we can do much more with what we have, and I think we are doing pretty good.

Mr. Skeen. Mrs. Emerson.

OPERATION TALON

Mrs. Emerson. Thank you, Mr. Viadero. I commend you for all that you are doing and hopefully will continue to do if we provide you the necessary funds to do it.

Can we talk a little bit about Operation Talon? I am impressed with the work that you all have done and the success rate that you have had in getting these fugitive felons off the streets, if you will, and bringing some semblance of responsibility back to the Department by eliminating waste, fraud, and abuse of food stamps, et cetera.

Can you elaborate a little bit about Operation Talon and tell us about some of your recent accomplishments in this area?

Mr. Viadero. Yes, ma'am. Thank you. Ladies and gentlemen, also in the folder we have included this picture of a wonderful eagle, our national symbol, which is also our symbol for a project called Operation Talon. We began this operation as a result of the first welfare reform hearings which were conducted in the Longworth House Office Building on February 5 of 1995. And I recall it vividly, because it was my first hearing, and it went 5\1/2\ hours without a break. From that we got legislation which allows us to look at outstanding fugitive warrants. So we looked at fugitive felons. We are looking at the worst of the fugitives. We take those warrants and compare them against, for lack of a better term, because they are called different things in different states, the social services records on food stamps, because what we have found is that the bad guys do not give the police, the arresting agency, or the courts their proper address. But they give their right address to the people that are giving the money out and food stamps are cash equivalents. It is a secondary currency, if you will. We are rapidly approaching 6,000 fugitive felons arrested under Operation Talon, and I think that is just one heck of a great number. More than just the number are the type of people we are apprehending. Murderers, rapists, and, the plague upon society of all-time, child molesters. For instance, in New Jersey alone, we have arrested three child molesters, and we have two convicted under the State's Megan law, and one we just arrested last week. So he is still pending.

Also in that state we have arrested three murderers, including one contract murderer who was wanted for 10 years and was still operating. To maximize the resources that we have here, I put together this idea that we are going to run it nationally and we do. We could run this in every town and village and hamlet in the country and come up with statistics. Unfortunately, our travel money is slim. That all goes into our personnel costs. I have limited Operation Talon to where we have regional offices or large suboffices to reduce the costs. But what we end up with here are, in essence, Federal agents, my agents from the Office of Inspector General dealing with the

State agencies, the State police, the sheriffs' offices at the county level and the individual police departments, towns and villages, boroughs and hamlets across the country.

And by the way, this has taken everybody and is putting them shoulder to shoulder on the same side of the street. That is when you have an impact. There are no jurisdictional problems. There are no turf issues here. The goal is to lock the bad guy up and put the crooks in jail. And after 32 years in this business, I tell you that is still a satisfying thought, when you lock the bad guy up, put the crook in jail. Last week alone, we had a press conference in Beltsville, Maryland, right up the street here and we successfully arrested 726 fugitive felons from Prince George's and Montgomery Counties, and Washington, DC.

Also last week, Mr. Seybold attended a press conference for me out in Portland, Oregon, and we arrested 205 felons there. And those were only the most serious ones. Again, I don't have enough money to go out and get them all, nor do the locals. We are looking at the personal crime--person-to-person crimes, the really violent ones. That is what we are targeting. If we had more money, we would arrest more criminals for more types of crimes.

We would divest ourselves of the real bad ones and go after everyone else. The point is, and this gets back to your point, Ms. Kaptur, to what we do with the asset forfeiture money. This money that we receive we enter into agreements with the states and the locals. We can refund the amount that these local agencies spend on overtime, and if they need specialized equipment such as if we run a sting and we need a magnetometer to ensure the safety of all the parties, we can get that for them.

So this is an immediate return to these communities. Number one, instantaneous, is the safety of the citizenry. We get the bad guy off the street. That is terrific. That is very rewarding. Number two, we get to help out the State and locals who, in essence, help us, but it is not free. They also have budget constraints--so we can help them through reimbursing their overtime. It is just a great operation.

Mrs. Emerson. It seems to be--and I appreciate your taking the time. I have another question, Mr. Chairman, but since I am out of time, I guess I will---

Mr. Skeen. We will let you have one more question.

Mrs. Emerson. I appreciate that. Thank you very much.

Mr. Skeen. We are generous.

NATIONAL APPEALS DIVISION

Mrs. Emerson. Thank you, and perhaps I can catch my plane before I get snowed in.

Mr. Viadero, yesterday, and I don't know if you were here during the time period in which I asked the Secretary some questions, but there was one specifically having to do with the National Appeals Division, and I put into the record this article about farmers court, if you will. We are concerned about the fact that 86 percent of the producers, after receiving a favorable appeal on the regional level, are overruled in Washington and I was curious about the kind of

authority your office might have in this kind of situation, if it does have any authority, and if so, would it be within the purview of your office to do an investigation in this particular situation?

Mr. Viadero. Mrs. Emerson, I am going to ask Mr. Ebbitt to join me in response to you. We presented an evaluation report back in 1997. That was the last review of NAD that we did. I am going to ask Mr. Ebbitt to give you a response.

Mr. Ebbitt. Thank you very much. We shared some of your concerns, Mrs. Emerson, and also although I cannot--I just read this yesterday--I can't vouch for the figures that are in here, we raised a number of concerns about how the National Appeals Division was operating back in March of '97 when we issued our report. However, one of the issues that we raised in our audit report, which I will be happy to send up for all the members, concerned the decisions made by the field hearing officers. In other words, we saw some evidence that the hearing officers at the field level were making decisions outside the rules and regulations of the Farm Service Agency. In other words, they were making them based on gut feelings, on personal decisions, as opposed to following the rules of FSA. We saw some of both. Don't get me wrong, we saw some on both sides, but we did raise that as an issue back in 1997.

I did talk to FSA very quickly yesterday afternoon. They handle, in FSA, about 200,000 appeals on an annual basis. Now, the majority of those are handled at the county committee and State committee level. That is where the decisions are made. Only about 1 percent of that 200,000 actually goes to the National Appeals Division. So roughly, they are dealing with some 2,000 on an annual basis. I don't know how many of those 2,000 break out in favor of farmers, if you will, versus sustaining the decision of the government. I don't have that number.

Mrs. Emerson. In this article, it says that of the 189 cases that USDA lost to the farmer, the NAD reversed 86.7 percent. Even though perhaps you have got 2,000 cases that finally make it, the impact isn't necessarily just on those 2,000 people, but rather on many other producers who may be in similar circumstances who are waiting to have their appeal determined one way or the other, based on the original one that was perhaps overturned. And so there is obviously concern that it seems tremendously biased. I mean, a 50/50 ratio, that would be a little more understandable.

Mr. Ebbitt. One of the things we did recommend, we recommended more training because what is clear here is the deciding official has got to follow the rules set down by the agency. They don't have the authority to make a decision outside those rules. So whichever way it goes, it has to be within that rule.

Mrs. Emerson. I would think, though, that if the agents are making determinations outside the rules of the agency, then it should not be the fault of the producer, or the producer should not have to bear the expense or be responsible if, in fact, they have been told by a ``government official,'' that these are the rules, and then all of a sudden those rules are different. Should the producer be penalized in that case?

Mr. Ebbitt. Absolutely not. What I am referring to is when

the hearing officer has all that information before the hearing officer, and if, the producer has been given a direction which, through no fault of the producer, results in his not following the rules, then obviously that has to be taken into consideration by the appeals officer. I am talking in terms of where the producer has, in fact, been given all the correct information, and then the decision of the appeals officer still is outside the bounds of the rules. That is what I am referring to. You have to bring that back in.

Mrs. Emerson. I would appreciate seeing that report from 1997. Thanks very much.

Thank you, Mr. Chairman, for letting me go overtime.

Mr. Skeen. Mr. Farr.

OIG EMPLOYEES

Mr. Farr. Thank you very much, Mr. Chairman. Inspector General, I am reading your report here. How many employees do you now have on board?

Mr. Viadero. 665.

Mr. Farr. And how many of those employees are peace officers?

Mr. Viadero. 215, sir.

Mr. Farr. And how many are women?

Mr. Viadero. On the agent side?

Mr. Farr. Yes.

Mr. Viadero. We are going to have the answer for you. On a percentage basis, sir, we lead all other Federal agencies for women.

Mr. Farr. Do you know how many are bilingual?

Mr. Viadero. At last count, sir, I had 31 Spanish speaking agents.

Mr. Farr. Spanish is the only language?

Mr. Viadero. We have a native Ukrainian speaker, and we have Chinese, both dialects of Chinese.

Mr. Farr. As I read the report--Cantonese and Mandarin. With 215 officers, you can't do all of these seizures alone. You are indicating that you are having investigations going all along the Canadian border, U.S./Canadian, Mexican/U.S. Border and points of entry. You have to work collaboratively with all the other agencies.

Mr. Viadero. Yes, sir.

Mr. Farr. When somebody comes across the border as I have done several times, there are people in uniform, customs as we usually call them, but you have Immigration and Customs folks. They are the office of first instance, and then they would discover something like the cases here where you indicated there were illegal fruits being smuggled and they call you in? How does that work?

Mr. Viadero. As a general rule, sir, I will take a place that we are probably all familiar with, Dulles Airport. If you fly into Dulles Airport, generally the first person that greets you is Immigration, and they just want to check citizenship. For us it is easy, U.S. passport, you go right back. The next one will be a Customs declaration form, and also in line with that is the APHIS form, Animal and Plant Health Inspection Service, and we cannot say from my organization too many good

things about the men and women of APHIS.

Mr. Farr. Do you have an officer there also?

Mr. Viadero. No, sir.

Mr. Farr. You are called in when they discover something out of whack?

Mr. Viadero. Of a criminal nature, yes, sir.

Mr. Farr. Is it prosecuted in the Federal court or statecourt?

Mr. Viadero. Generally in a Federal court.

Mr. Farr. Generally in a Federal court?

Mr. Viadero. Yes, sir.

FOOD STAMP INVESTIGATIONS

Mr. Farr. Even if it means these other--where you have this bust in Ohio. This was the food stamp program that was investigated by the Cleveland Food Stamp Task Force which had OIG, Secret Service, FBI, I.R.S., U.S. Customs, Cleveland Police Department and the Ohio Department of Public Safety. Would that be a case that would be tried in Federal court?

Mr. Viadero. That would be a case--I will ask Mr. Seybold. He is in charge of investigation.

Mr. Farr. Food stamp violation which is a federal program.

Mr. Seybold. Normally these task force investigations also include a various assortment of other criminal violations in addition to the food stamp trafficking, so this is the cause and effect of those agencies that are predominantly involved with the enforcement of, say, drug laws, because food stamps can be associated with the purchase of drugs and paraphernalia.

FOREST SERVICE

Mr. Farr. You looked into a number of Forest Service land exchanges. I am surprised the Forest Service doesn't do that itself, would that be a peace officer that would do that or just somebody--one of the other employees?

Mr. Viadero. I try to maximize my resources the best I can. We will generally start by having the audit side of the house, Mr. Ebbitt's people, go in and do a review of the records and bring it up to a point and then the regional Inspector General for Audit will meet with his counterpart, the Special Agent-in-Charge for that region. They will discuss it and see if it rises to a criminal level and if it does, they will present it to the United States attorney. But I don't have the resources to just let an agent go out on each one.

SMUGGLING

Mr. Farr. Exactly. That is what I was trying to get at, that some of these are paper reviews that probably don't need a peace officer to do the paper review.

I am curious. As we chatted yesterday, I was down in Mexico last month with Congressman Cass Ballenger. We met with President Zedillo of Mexico. The border between the United States and Mexico is the biggest commercial border in the world because you have essentially the number one ranking country in the world, the United States, next to the number 12 ranking

country in GNP, Mexico. You have a million and a half people across the border each way every day. You have the biggest commercial truckload traffic. It is humongous. It is also the border where most of the illicit smuggling into the United States, particularly drugs, and I would imagine you might argue there is some food substance. We have developed a technology which enables us to determine the molecular component in vehicles essentially.

We could be running them through a radar screen and a truck going 40 miles per hour and put out a list just like you would get at the Safeway store when you get a list of what you bought. That equipment is expensive, but it seems to me, and the question I have is this: The direction we ought to be going, and really replacing expensive people with expensive equipment to be able to do a better job?

Mr. Viadero. Well, sir, APHIS will be handling that type of equipment for us, APHIS and Customs. Can we replace the people? No. Can't replace all the people.

Mr. Farr. I didn't ask that.

Mr. Viadero. Again, it is sort of a labor-intensive activity, but do I concur with that? Absolutely.

Mr. Farr. The question that I think our committee, the Congress has posed as we move into the era of technology and the demand--we have to make tough choices like we have to do in the military. You put the money into procurement, or you put it into hiring more people, employing more people. We try to do both and balance. But here is an area it seems to me in law enforcement that we ought to be putting some money into technology as well as into trying to more professionalize the forces.

Thank you, Mr. Chairman.

Mr. Skeen. Mr. Hinchey.

HUNTS POINT INVESTIGATION

Mr. Hinchey. Thank you very much, Mr. Chairman. Inspector General, good to see you. I was interested in your discussion about Hunts Point and the work that you did there. For years that operation was controlled by organized crime in the City of New York. Did your investigation and prosecution involve any major organized crime figures?

Mr. Viadero. Not that we have been made aware of at this time, sir.

Mr. Hinchey. Essentially what was it then?

Mr. Viadero. It was organized in the sense it was a continuing enterprise. That was the organization. Now, to say whether it was one of the five- or seven traditional organized crime families in the greater five boroughs of New York, I am not qualified to say at this time. There have been no links back. However, please know we have also done that investigation jointly with the FBI.

Mr. Hinchey. Is there an investigation that is ongoing with regard to those markets or has it been completed?

Mr. Viadero. I think it is safe to say it is ongoing.

Mr. Hinchey. It is?

Mr. Viadero. Yes, sir.

FOOD STAMP FRAUD--EBT

Mr. Hinchey. The food stamp activity in the State of New York, in your report, indicates there was something like \$63 million of fraudulent activity involving operators within New York City, including bank personnel.

Mr. Viadero. That was just one case, one case. We had two \$15 million cases down in Philadelphia. But if I can answer your question and relate it back to Congressman Farr's request on technology, EBT, electronic benefits transfer, the cards, came out. It is this office, it is these people at this table who wrote the controls on the EBT program because everybody was going to just send the program out nationally with no controls on it. EBT has allowed us to work a lot smarter because we are using the machines. The machines don't get sick leave. They don't get annual leave. They work when it snows and the machines just keep regurgitating figures for us on high redeemers. Because of limited resources, we are still only looking at people that are redeeming food stamp benefits which are 300 to 500 percent of their food sales. This particular case that you bring up, Mr. Hinchey, involved two or three officials of a major bank in New York City as well as two ethnic groups. We actually found a crossover from one group who received the stamps and washed them, laundered them through another ethnic group in another borough. I mean, usually, if you cross the street in New York City, you could be continents away. This activity not only crossed the street, this crossed the borough, so in essence, it was continents away, and what we found there was a willful, systemic problem within the food stamp business for laundering these benefits. The average was, at that point, 70 cents on the dollar.

So the bad guy got 70 cents for every dollar they put in. We are working closely with the state police up there, Jimmy McMahon, superintendent. We work with NYPD, and the people at Human Resource Development who handle the stamps. We are working out protocols because the city just recently came on EBT. It is going statewide at the end of this year so now we will be better able to focus and target various locations.

Mr. Hinchey. You said it is going statewide. For New York State alone statewide?

Mr. Viadero. Yes, sir.

Mr. Hinchey. It is in a number of other states already.

Mr. Viadero. Approximately 33.

Mr. Hinchey. And the State of New York will be up and running completely sometime later this year?

Mr. Viadero. Yes, sir, that is my understanding.

Mr. Hinchey. The EBT program has allowed you to monitor this activity on an ongoing basis much more efficiently.

Mr. Viadero. Absolutely.

Mr. Hinchey. You have gotten to the point now where you are aware of substantial fraud in the industry, or at least you have evidence to indicate there may be substantial fraud in the industry. However, you are able only to investigate in a comprehensive way those cases which indicate a fivefold increase between the stamps redeemed and the actual food sales of the commercial establishment.

Mr. Viadero. Yes, sir. If I had more agents and more

auditors, we could get more cases done. The prosecutors like these cases because of the paper trail, the audit trail, if you will, of the electronic benefits transfer.

Mr. Hinchey. And they like it because it is easy to make the case because you can present the evidence that is indicated in the transfer.

Mr. Viadero. I dare say we have very few people right now that go to trial anymore. When the defendant and their counsel are presented with this evidence, which is overwhelming, they take a plea.

Mr. Hinchey. Do you have any estimates as to the level of fraud in the food stamp program and whether that fraud is, in any way, an organized activity that for example would be an organized crime conspiracy of some kind?

Mr. Viadero. Yes, but again, not the traditional organized crime. There is so much money that is out there in food stamps and food stamp benefits. Each group will have their own. It just goes from neighborhood to neighborhood, if you will, town to town. For instance, we did one back in 1995 in Albany.

Mr. Hinchey. I am trying to get an idea the level of extent of this activity across the country and in New York.

Mr. Viadero. If we took an average in white collar crime, which the FBI publishes--and that is what this is--of about a 10 to 15 percent loss, and if we take food stamp benefits for \$22 billion a year, we are looking at between \$2 and \$3 billion in losses. I think that is conservative.

Mr. Hinchey. \$2 and \$3 billion a year?

Mr. Viadero. Yes, sir.

Mr. Hinchey. Thank you very much.

Mr. Viadero. Yes, sir.

Mr. Skeen. Ms. DeLauro.

RESOURCE PRIORITIES

Ms. DeLauro. Thank you very much, Mr. Chairman. Good to see you, Mr. Viadero. Just to pursue or try to get some sense of a couple of questions about your resources and resources determining priorities. How do you determine the priorities of what you do? Dealing in a lot of areas, workplace violence, food safety, developers of rural housing who are ripping people off, and crop disaster loss, food stamps, what determines the priorities of the agency?

Mr. Viadero. My management staff and I meet twice a week. Our priority list, as I am sure everybody's here is also, is in flux all the time. Where are we going to maximize our efforts? For instance, if you took the northeast, sort of isolated, we have ten states covered by that region, and I have got 17 special agents to cover 10 states and the bulk of our operation is within New York City involving the public corruption at the market because the market is there and the food stamps, because that is the bulk of the food stamp activity. I have got two agents that are up in Syracuse and two agents just outside of Boston. Really not a heck of a lot of resources to cover that area, as you mentioned, as well as the other work we do such as workplace violence. We had a threat against the Secretary. We had some person who is incarcerated now in a mental institution, because he made death threats against the

Secretary. And when we entered the premise, the individual had a whole sackful of ammunition.

Ms. DeLauro. What I am trying to get at, and let me just probe a little further, again, is it the market, is it food stamps, is it crop loss, is it corruption? Are you dealing with the market because that is where the greatest opportunity is for fraud in your view? Is food stamps the greatest opportunity for fraud?

If you could, and I notice that the Forest Service not under your jurisdiction, but you are responsible for investigating the Forest Service. One of my questions is how much time, effort, percentage of what you do, is dealing with the Forest Service versus some of these other areas?

I am trying to just figure out where the balances are, what we are not finding out in some of these areas in terms of losses. I am not making myself terribly clear here, I think.

I am trying to figure out if you overemphasize one piece to the detriment of the government, if you will, of other pieces? I don't know how those priorities get fixed. Do we give you any advice as to where to go to look at things? Does the Secretary give you advice about where to look for these pieces in terms of where you deal with your limited resources? Again, I would like an answer to the Forest Service piece, because I think that this bears on what your capability is in terms of the other parts of the portfolio you are charged with.

Mr. Viadero. We do on average about 7 percent of our time in the Forest Service, dealing in Forest Service issues. Again, we have gone over and asked people in the Interior subcommittee, since you are funding the Forest Service, would you give us a hand and give us some money. They say you are funded, Mr. Inspector General, from the Department of Agriculture, and the Forest Service is in the Department of Agriculture, so go back to your Appropriations Committee and have them fund for all of Agriculture.

So there is a large deficit. By the way, the Forest Service has about 40,000 employees that we cover.

In answer to how we set the priorities, the priorities basically stand on a regional basis, because each region has their own specialty, if you will. We are not going to find food stamp fraud cases as large and as prevalent in Iowa and Nebraska as we do in major cities because of population density.

Again, our number one priority issue, above all else, and I don't care where we are, we drop it and go to it, is health and safety. If we have a meat case--and we are coming up with more and more meat cases--health and safety issues are handled immediately.

Ms. DeLauro. My time is up. Are you not spending the kind of time that you need to at food safety because you are spending more time at food stamps or more time at crop loss?

What is getting short shrift? It seems like a lot of the effort is on the food stamps, the market and market issues. I am sorry, Mr. Chairman, I am going over time.

Mr. Skeen. You are doing very, very well. I have been reading your hands.

Mr. Viadero. All areas, all of them are being shortchanged, but understand, when there is a health and safety issue,

everything else goes by the wayside. So then what? Then we are neglectful of the other programs, for example, the crop insurance issues. We can't get in and look at those. We can't look at the smuggling issue because we are looking at health and safety. We have done a lot of health and safety cases.

This one we have a picture of in the testimony, we had some yahoo out there putting needles in packaged meat. That is either going to hurt somebody or kill them. But understand this, please, everyone here, understand, there is no higher priority for us than health and safety issues. We drop everything else we are doing and have a concerted effort to open health and safety issues.

We had that other case just down in Florida where they were adding sanitizer to the food. They took product manufactured in 1994 and sold it, distributed this product in 1997 and 1998. Some was rancid. Its average fat content of this product was 36 percent. It was so bad that even the Bureau of Prisons refused the product.

Ms. DeLauro. Even the Bureau of Prisons?

Mr. Viadero. Yes. But yet this product went to some of our troops and it went to the National School Lunch Program, and it took us a while to get that product back, ma'am. Thank you.

Ms. DeLauro. Thank you very much.

Mr. Skeen. Ms. Kaptur.

MONETARY RESULTS

Ms. Kaptur. Yes, Mr. Chairman. Following on Ms. DeLauro's questions about the priorities, I want to get back to the money issues, the budget issue, and try to get a complete understanding here. The administration is requesting \$70.2 million for this next fiscal year for your operations, Mr. Viadero. As I understand it, based on the testimony you have submitted, this past fiscal year you collected \$68 million in fines, restitution and other resources and penalties. All those dollars went to the Department of Justice; is that correct?

Mr. Viadero. This is just investigations, ma'am. That \$68 million was recovered on the investigative side. We also had some funds that we recommended, total monetary assets resulting from audits, of some \$376 million.

Ms. Kaptur. Now, you have to help us a little bit too, because we need to get these numbers clear in our minds if we are going to try to help you. And we need to see over the last 3 years what those numbers have been.

It is very hard to piece together from the budget submission and from the testimony that has been given to us. So if we have to go in and do battle with some of the other subcommittees here, we need to understand. It isn't clear to me, quite frankly, on the \$68 million how much of that actually was in monetary form that was transacted and actually became the property of the government of the United States.

Mr. Viadero. All of this money, ma'am. It is all hard money.

Ms. Kaptur. It was all hard money. What about on the investigations side?

Mr. Viadero. This is the investigations side.

Ms. Kaptur. What is the other side?

Mr. Viadero. Audits.

Ms. Kaptur. What was the number? \$300-and-some-odd million?

Mr. Viadero. Of the \$376 million that we recommended to the department as part of the audits, we feel that they can recover \$55 million.

Ms. Kaptur. We need to have a clearer understanding of this, so we understand what was actually booked at the Department of Justice, and what dollars you have been recovering for the people of the United States, and then we have to have a relationship of that to your budget. That would help us a great deal in our efforts here. Do you understand our need for clarity here?

Mr. Viadero. Yes, ma'am. Yes, ma'am. We will be happy to work with you. Again, we have had all of this in our semiannual reports, but I think it is better if we put it on one spreadsheet for you and then we can do an analysis, percentage year-to-year.

Ms. Kaptur. We need to argue your cause, and we need this.

Mr. Viadero. Let me just say that the fines and restitutions money goes to the Justice Department. The Justice Department serves as a conduit. Everybody's money ends up in the Treasury.

Ms. Kaptur. In your testimony you refer to the \$940,000 transfer. But then you stated this morning that isn't really to the Department of Agriculture. It goes to your local and state partners.

Mr. Viadero. Yes, ma'am. Part of it does.

Ms. Kaptur. That money doesn't really accrue to your budget. This sort of clarification from a budgetary standpoint is important to us.

Mr. Viadero. Absolutely, ma'am. In terms of the Department of Health and Human Services, Mr. Seybold was saying they have some different relationship on this.

Any information you could provide us on how that works----

Mr. Seybold. We can do that.

RUSSIAN FOOD AID PROGRAM

Ms. Kaptur. It would be helpful to us. All right. On pages 25 and 26 you discuss in your testimony the Russian food aid program, which I will personally thank you for assisting us in attempting to get better accounting of those funds. I will continue to disagree with the administration and its emphasis on putting those funds into the Russian pension fund, simply because we do not have the ability to audit the Russian pension fund and what they do with those dollars.

It has been reported that the administration is seeking funds to adequately monitor trade agreements as opposed to commodity shipments. Some of those funds for monitoring trade agreements are destined for the Foreign Agriculture Service.

My question to you is, given that the Secretary is requesting funds to monitor trade agreements, wouldn't it be equally prudent to establish a fund to monitor the provision of food aid and seeing as how the Commodity Credit Corporation quadrupled sales last year, either through your office or through the Foreign Agricultural Service, could you conceive of some sort of initiative where one could monitor those sales?

Mr. Viadero. Yes, ma'am, I think we will have to sit down with the people from foreign agriculture service and come to some form of an agreement as to oversight on that.

Ms. Kaptur. It is a significant amount of money.

Mr. Viadero. Yes, ma'am.

Ms. Kaptur. And there are many sole source contracts that are involved in some of the provision of that assistance, and I can't tell you how many. I haven't spent my life over there. But the Commodity Credit Corporation has over \$30 billion worth of authority, and very little oversight within the Congress of the United States.

Mr. Viadero. Ms. Kaptur, this is an ideal opportunity to reinforce that half percent issue.

Ms. Kaptur. Yes.

Mr. Viadero. That would go a long way, because this oversight is costly.

Ms. Kaptur. Would you give us legislative language on that?

Mr. Viadero. I would be happy to.

Ms. Kaptur. All right. Did I use my time up? All right.

Mr. Skeen. Go ahead.

CHILD AND ADULT CARE FOOD PROGRAM

Ms. Kaptur. I had one final question, Mr. Chairman, and that relates to the child and adult care food program, which we didn't talk a lot about this year. But you have identified a lot of problems in that program, and many of the people have gone to jail.

Do you know what the Food and Nutrition Services is doing to fix the program based on what you have learned?

Mr. Viadero. Well, Ms. Kaptur, we continue the saga of working with FNS to develop more meaningful recommendations and controls on the program. Now, at our last meeting the former administrator was recommending that the amount of administrative costs that could be recovered by the sponsor should be raised from 30 to 40 percent. It has taken us quite a while just to get FNS, through the administrator of FNS, to understand that that would be a more reasonable figure. I think they are down to what, 10 percent now----

Mr. Ebbitt. 15 percent.

Mr. Viadero. 15 percent. We continue the dialogue of working with FNS to get a handle on the rascals that are in their programs out there.

Ms. Kaptur. Do you sense we have just scratched the surface there?

Mr. Viadero. Absolutely. We just had one conviction, if I can, which stemmed from an audit and led to the criminal side; we had one child adult care feeding program sponsor that was found guilty of some \$27 million fraud in the program. It is highlighted in the testimony.

Ms. Kaptur. That wasn't the case in Detroit, was it?

Mr. Viadero. Yes, ma'am, it was the case in Detroit.

Ms. Kaptur. I was going to ask you if you could give us more details surrounding that incident. That will be my final question.

Mr. Viadero. Thank you. I will be happy to.

Ms. Kaptur. Thank you, Mr. Chairman.

Mr. Skeen. Thank you. Mr. Boyd.

RADIO TECHNOLOGY

Mr. Boyd. Thank you, Mr. Chairman. I have several issues I want to pursue. For the benefit of the committee and I know Mr. Farr brought up the issue of technology, one of the things that you all are dealing with is expanded technology in some the agencies that helps you do your job. I think you referred to the EBT food stamp program earlier. But I also noticed that in your justifications of increases and decreases for your own technology needs the only thing you addressed was radios. I understand your radios are still analog radios and you are trying to move to digital. I am sure all the bad guys have digital.

Mr. Viadero. We have a Federal mandate from the Federal Communications Commission to move that way, and that has to be done by 2002. It is about a \$3 million conversion cost for us.

Mr. Boyd. I assume that would greatly enhance your capacity to do your job?

Mr. Viadero. Absolutely, sir.

INVESTIGATIVE PROCESS

Mr. Boyd. I spent a little time yesterday reading your justifications for the increases and decreases, and your investigation accomplishments. Operation Talon, food stamp program, child and adult care programs, WIC, FSA, Rural Housing, Food Safety Inspection Service, AFS, NRCS, employee integrity, and we go right on down the line. I am sure you probably could spend all of your usual resources in one of those agencies. I know the one I am most familiar with is probably FSA, and I know with all of the myriad of programs delivered through FSA, there exists a great opportunity for fraud and abuse. I know you have spent a lot of time on that.

Mr. Viadero, when you were here last year, we talked a little bit about an FSA investigation that was just completed at that time in Florida. I want to make sure I understand the process.

You do the investigation and then you turn all the information over to the U.S. Attorney's office and they make the decision about what happens from that point forward?

Mr. Viadero. Yes, sir. They make a decision. It is their job to tell us whether they are going to prosecute or not prosecute it.

Mr. Boyd. I want to offer a compliment in this case to one of your counterparts sitting at the desk with you, Mr. Seybold. He has been very helpful to our office in helping us wade through an issue in north Florida that was very emotionally charged. It is an issue where you presented your investigation to the U.S. Attorney's Office, and the U.S. Attorney's Office did not get a conviction. Obviously that caused a great deal of bad feelings among a lot of folks in the area that I represent towards your agency and the U.S. Attorney's Office.

But Mr. Seybold has been very helpful to us in helping us wade through some of those things. I wanted to pass that on to you.

Mr. Viadero. Thanks for the feedback. I very much appreciate it.

INVASIVE PEST INVESTIGATIONS

Mr. Boyd. Another thing I wanted to say in relation to that, I know there is a lot to be done, and I am not sure all the blame goes to OIG. Maybe some of it goes to the U.S. Attorney's Office for going down a path that led us nowhere. But I am sure you are on top of those issues also.

We spent a good bit of time yesterday, Mr. Viadero, on the invasive pest issue when the Secretary was here. We consider that a very serious problem in States like Florida and California and others. We have an \$8.5 billion citrus industry in Florida; and it is threatened because of Asiatic citrus canker.

I notice that you spent some time in your testimony on APHIS and the invasive pest issue. Can you outline again for the committee the different responsibilities of your organization and APHIS on this issue? I know some of the invasive pests are intentional, which reflect a criminal act, and others are sort of unknowingly brought in.

Mr. Viadero. Yes, sir. APHIS, again, they are on the ground, they are in the field, and they are checking these things as they come in internationally. APHIS, however, does not check items that are going interstate. So for instance we have one case we are working on for fruit that, comes in sealed containers. It is transhipped into Canada. Canada has little concern about fruit flies. Any frost will kill fruit flies. I am sure here in the District and Virginia, few care about fruit flies. We had a frost.

However, your State and the border States, the southern States, are most impacted by this fruit fly and the citrus canker. We have begun a program, with your State Department of Agriculture, the enforcement people, and we have given them some of that forfeiture money. We have been able to develop software programs with them and supply some hardware needs, and we are profiling every truck that goes in there. So every truck that enters the state of Florida, that goes through the agricultural enforcement checkpoint, goes into the database. This is the incipient stage of intelligence gathering so we can target this.

Historically, we have never looked at this. It has never been that much of a problem. Again, technology lends itself that now it is a tool that is available to us. So we find these rascals taking it from Canada, shipping it down here and going into Florida, into Georgia, et cetera, et cetera, and it impacts on the local producer, and, in general, the community.

For instance, in your State, as I understand it, in the last 3 years, the State has spent approximately \$165 million-plus in eradication, treatment, whatever you want to call it, and that includes general spraying of malathion in large areas.

I would like to offer, if we get in and get some intelligence work, I am not going to be naive enough to make a statement before any committee that says we can stop produce smuggling. No. But I think we can put a good dent in it.

If we don't do anything, it is business as usual. What I am

offering is this as one of the initiatives we would like to talk about, and this is some of the things if we get more money, we can do more things with.

We can help give a return, not only to the community, but to the farmer, the grower, and ultimately I am assuming, to the community. I would make that statement based on from not having to use all of the pesticides on everything.

Mr. Boyd. Thank you, Mr. Viadero.

Mr. Chairman, just if I might, just one brief second, I want to read something. This is part of the record, but I hope that all of the members of this committee and all the members of Congress understand what is in this OIG budget justification that they submitted to us. I read, ``OIG is greatly concerned about the APHIS inspection and quarantine activities at U.S. ports of entry to prevent the introduction of exotic animal and plant diseases and pests. Our recent review at two Florida ports of entry found that inspection practices caused vulnerabilities and weaknesses which increased the risk of prohibited or infected products entering the U.S., including regulated garbage coming in on aircraft and ships.''

So, Mr. Chairman, I will continue to talk about this issue as we go through our hearings.

Mr. Skeen. Mr. Hinchey.

TRADE AGREEMENTS

Mr. Hinchey. Thank you, Mr. Chairman. The issue that Mr. Boyd raises is one that is of increasing concern to all of us, even those who live above the frost belt, because I eat an orange or a grapefruit occasionally from Florida. So the infestation of pests is really a serious matter, and it seems to me that it is an increasingly serious matter in light of our trade agreements, the proliferation of international trade, and the fact that imported fruits and plants in great numbers are crossing international borders into our country.

To what extent have you seen an increase in pest infestations? Has the increase been dramatic since the implementation of these new trade agreements?

Mr. Viadero. Well, we are operating 26 smuggling cases. Historically we have only a few a year. But in recent years we have been made aware of more attempts to bring products in.

For instance, we had one individual cross in from Canada, went to the State of Washington, and basically was caught four times with their car full of prohibited fruits that historically and notoriously are known to be infested with fruit flies. I don't know whether they are Mexican, Guatemalan, or Mediterranean, but they are fruit flies.

Mr. Hinchey. You didn't check the passports?

Mr. Viadero. I didn't know we had that many types. There are more than 50 types of fruit flies out there. After the fourth time, the judge sentenced the individual to 2 days. Wow. You get more if you don't pay your parking summonses, 5 parking summonses here in the District.

What we would like to do is work with the committee and go to the Judiciary Committee and propose that this offense, which is basically only a misdemeanor, be raised to the felony level. If we take the DEA's example of either quantity that the person

would have, right, or weight that the person would have, we would like to come out with some methodology that it would be staggered going up or down. We don't want to arrest a grandmother for coming in from Canada with an orange.

SMUGGLING, FOOD STAMP FRAUD, AND CROP INSURANCE

Mr. Hinchey. No, and of course we don't want you to do that. But we want the most egregious cases dealt with expeditiously and aggressively. There are a number of other exotic pests coming into the country that affect plants in the northeast, and the northern part of the country as well. The Asian Longhorn Beetle, for example, could have a serious impact on the availability of maple syrup, because this pest attacks maple trees. This puts in jeopardy the livelihood of farmers who produce the syrup in the northeast.

This is a serious problem and I would like to cooperate with you, and I am sure the Chairman would. Perhaps we can find ways in which to be helpful more so than we have.

The other thing that I am fascinated with, is the \$2 billion figure that you mentioned in response to the question with regard to food stamp fraud in the country, and the fact that you are able only to put a small dent in that.

This is, again, probably an area that I would suggest that we try to work with you to increase law enforcement, because I know that the level of food stamp fraud, both by organized crime and by start-up criminal companies, if you will, is really astonishing. The amount of taxpayer money we are losing is something we really ought to deal with.

My final question has to do with crop insurance and the fact that crop insurance is increasingly costly, costing us more than \$2 billion a year. You note in your testimony and in your report as well that the number of limited resource farmers with catastrophic policies declined by about 78 percent from 1997 to 1998, during the time the insurance companies assumed sole delivery of the program.

I am wondering if this is something we ought to be concerned about. Superficially, it seems to be, in light of the fact we are spending so much money on the crop insurance program. With so much money going to the insurance companies, and so little of it going to farmers, I am troubled that as the price of the products goes up, the amount of participants is going down.

This is somewhat of an anomalous situation that I would imagine needs to be addressed. If you could shed some light on that, I would appreciate it.

Mr. Viadero. The quick answer to your question is yes, we think there needs to be fixes, changes, and yes, there are problems. To that end, I would ask Mr. Ebbitt to give you a little more definition on it.

Mr. Ebbitt. Mr. Hinchey, we issued a report the middle of last year that tried to put on the table some of these issues, you know, how much insurance companies are paid for delivering the product versus what farmers get as a result of the insurance.

The specific group we talked about in the testimony, those under the catastrophic insurance program, actually don't buy

insurance. It is available to them for a catastrophic loss. However, they have to be signed into the program.

FSA staff used to sign these folks up. In, I forget the exact year, about 2 years ago, that duty was transferred to the reinsurance industry, the private sector folks. That is when you saw the big dropoff occur.

There is not a big benefit for the insurance company to go out and get these folks to sign into the program. They don't get a premium directly from the insured that they are bringing in. As a result, it is going down.

Now, you will hear RMA people come and tell you their reasons for this drop. They believe it is simply because the benefit isn't there to the farmer either. That the program is designed, the return to the farmer is so low that at that catastrophic loss level, they are just not interested in the program.

So we put these issues on the table, suggesting that the program really needs to be looked at, as far as benefits go, from all ends of the spectrum of the farm producer, versus how much they have to pay, versus how much insurance companies are paid for delivering the program.

It is a very complex issue, certainly deserving of some more discussion.

Mr. Hinchey. Thank you very much. Thank you, Mr. Chairman.
Mr. Skeen. Mr. Nethercutt.

SMUGGLING

Mr. Nethercutt. Thank you, Mr. Chairman.

Gentlemen, welcome. Nice to have you here. I am sorry I missed your testimony. I had another hearing across the Capitol on appropriations I could not miss.

I am wanting to follow up a little bit, Roger, on your comment about the fruit fly incident in Washington State, four incidents, apparently the same person. What was the purpose of that person bringing that fruit into the country? Was it for contamination purposes, was it just for personal use that happened to have infestation in it? Do you recall the circumstances?

Mr. Viadero. It was in excess of 400 pounds, Mr. Nethercutt, so the assumption would be for distribution. I am not trying to say distribution for the purposes of destroying crops, but it happened to be one of those Asian fruits that the community, the Asian community, wanted from the old country, and they just transhipped them in through Canada.

BIOTERRORISM

Mr. Nethercutt. Which then brings me to the issue of bioterrorism, and what, if any, steps you might be taking, to what extent are you involved in trying to find out what people are trying to destroy, crops that are grown, ARF facilities and otherwise in connection with your work?

Mr. Viadero. We have an ongoing initiative within USDA and the requisite agencies, and I think it would probably be best served if we briefed you in private on that.

Mr. Nethercutt. That would be fine. It is receiving your

attention?

Mr. Viadero. Oh, yes, sir.

CIVIL RIGHTS SETTLEMENTS

Mr. Nethercutt. I am glad to hear. Another thing I mentioned to you privately earlier was the issue of the settlement process going on with respect to the black farmers who received discrimination over the years. My sense is that there may be some problems with the claims processing, that there are some people within the credit side of USDA who are concerned that others are being brought in that might be impacting somehow the legitimacy of the claims, acknowledging where there has been discrimination, this Congress, this committee, you, everybody wants to be sure that those legitimate claims are paid, but there seems to be a question that has been raised as to whether all claims are legitimate, and to what extent USDA is monitoring the legitimacy side in the process of analyzing those claims.

Would you care to comment?

Mr. Viadero. Yes. Under the decision, which is the class, the Department of Justice is handling all aspects of that, both handling the settlement and the investigations. I couldn't see a bifurcated effort to remain as independent and not having the requisite resources to address the problem. We refer all of these allegations to the FBI.

I will give you an example of one. We had information of an individual that was going door-to-door to solicit people to sign up. We had another referral where we had an individual whose father was a farmer and had a number of siblings, and the sibling that remained on the farm was turned down for the money, but the sibling who was a postal carrier in a large city got the \$50,000.

Our concern, I think everybody here shares the same concern, is what we are doing here by casting this aspersion upon everyone and holding up the payment to the people who have been harmed.

To that end we briefed the Secretary yesterday on Part 7 of our Civil Rights Report, on the program side. That will be released shortly, and every member in Congress, both Chambers of this great institution, will receive a copy, as usual.

Mr. Nethercutt. Are you satisfied that the Department of Agriculture is paying adequate attention to the issue of misprocessing, or improper processing or allegations of the same as it relates to this settlement effort that is being undertaken?

Mr. Viadero. I am in fairly regular contact with Charlie Rawls, the General Counsel, and he and I have gone over and met with people at the FBI, because it is up to them now to investigate this. We take all the referrals and ship them over. It has actually become a fairly smooth process now for the Bureau to open up the cases on this.

Mr. Nethercutt. Nevertheless, it is your testimony that USDA is sensitive to the potential problems that exist, that are being referred and investigated by other Federal agencies?

Mr. Viadero. Yes, sir. I speak for myself, and I think I can also speak for the Secretary and the General Counsel, all

of us are concerned that the right thing is being done. To that end, that is why we refer cases, and any other allegations that arise in that, over to Justice.

Mr. Nethercutt. I understand. Thank you very much. Thank you, Mr. Chairman.

Mr. Skeen. Miss. Kaptur.

SWISS GOVERNMENT REPORT

Ms. Kaptur. Mr. Viadero, I wanted to ask you whether or not your division of USDA is involved in any way on an investigation of the Swiss government's report that it found DES hormone in two samples of beef that had been imported from the United States? That is a hormone that has been banned in this country for many, many years. Are you involved in that?

Mr. Viadero. No, ma'am. I understand the Under Secretary in charge of food safety inspection, Dr. Wotecki, is handling that.

HUNTS POINT INVESTIGATION

Ms. Kaptur. All right. My final question, on the Hunts Point market investigation, from what you know already, what would it take if organized crime, as other members have referenced, is heavily involved in that market? What kind of resources would it take to do a thorough investigation of the function of that market?

Mr. Viadero. I have to be honest, Ms. Kaptur, that question is a bit mind boggling, so far as being able to immediately supply a finite answer. But we are working these aspects jointly with the FBI, which is charged with organized crime, ferreting out and prosecuting organized crime. So we are working closely with them.

At a minimum in that market, I would have to double my resources though. That is a conservative estimate.

Ms. Kaptur. You say double your resources as the IG, or double your resources devoted to the investigation that has been ongoing in that market?

Mr. Viadero. Double my investigative resources, and I have had approximately 20 agents working that case in the market. I would have to double that, just for that market.

Ms. Kaptur. Thank you.

Mr. Viadero. Only again because it is such an expansive market. If we look out the window here, we see these trains that pass by the window here. Two of those, 110-car freight trains, end up in the Hunts Point market every day. That is how much fruit juice just goes into that city.

Ms. Kaptur. Thank you.

Mr. Viadero. Thank you, ma'am.

Mr. Skeen. Mr. Viadero, we go back many years, and I am always amazed at the enthusiasm that you carry forward. You have not aged one iota.

Mr. Viadero. Neither have you, Mr. Chairman.

URBAN RESOURCES PARTNERSHIP PROGRAM

Mr. Skeen. Thank you. It has been a very enlightening

exchange today, and we appreciate what you folks do. We are also concerned about the Urban Resources Partnership Programs, because we constantly hear there is not enough money at the USDA to pay employees' salaries, yet something like this has been going on for 6 years. Whether the amount is \$3.4 million or \$20 million, we need to make sure this does not continue. We will continue to review this issue as we proceed and we will have a few more questions for the record. You have done a great job over a lot of years, and we really appreciate what you have done.

Mr. Viadero. Likewise, for your support. Everybody that is here, we appreciate your support.

Mr. Skeen. You have an expanded team. I remember you and one or two other folks started this thing.

Mr. Viadero. We have come a long way, and I am honestly and truly proud.

Mr. Skeen. You haven't dulled your enthusiasm one bit.

Mr. Viadero. This one is going to get me in trouble, but if I could line up all 665 OIG rascals, I would give each one a hug. They work doggedly.

Mr. Skeen. In this case, I guess one fellow doesn't mind another fellow giving him a big hug.

Mr. Viadero. No. Thanks a bunch.

Mr. Skeen. We will finish and go catch an airplane. Thank you all.

Wednesday, February 16, 2000.

U.S. DEPARTMENT OF AGRICULTURE

WITNESSES

HON. DAN GLICKMAN, SECRETARY OF AGRICULTURE

RICHARD ROMINGER, DEPUTY SECRETARY KEITH COLLINS, CHIEF ECONOMIST

STEPHEN B. DEWHURST, BUDGET OFFICER

Opening Remarks

Mr. Skeen. First of all, I want to say good afternoon. This is the first of 11 hearings on the Administration's budget request for fiscal year 2001 and for the Department of Agriculture and the Food and Drug Administration.

As is customary, we are beginning with the Secretary of Agriculture, the Honorable Dan Glickman. Dan, good to see you here. When I first came to this place, he was my next-door neighbor, and you have been a true friend ever since. Thank you.

Mr. Secretary, we are all looking forward to your testimony, but before you begin with your statement, I would like to ask my good friend, the distinguished young lady from Ohio, Ms. Kaptur, if she has any opening remarks.

Ms. Kaptur. Mr. Chairman, I just wanted to echo your warm welcome to this able Secretary and to thank him for being a voice for rural America when she has really needed you. It has been a pleasure to work with you and your entire team that you

brought with you today, and I will reserve most of my comments until after your formal testimony. But I think that the farm communities of this country could not have a better friend than Secretary Glickman, and we receive you openly here today.

Mr. Skeen. Thank you.

Chairman Young, do you have remarks that you would like to make?

Mr. Young. Mr. Chairman, thank you very much. I would just like to welcome the Secretary. I think this is probably the first time we have been officially together since I chaired the Intelligence Committee. He did such an excellent job there, and I look forward to your testimony. I am not going to be able to stay for the entire hearing. I am trying to get the supplemental ready quickly. But anyway, Dan, welcome. It is good to see you.

Secretary Glickman. Thank you.

Mr. Skeen. Mr. Secretary, we will let you have the whole floor. We are delighted to have you here again. Agriculture is going to be better off when we get through with this meeting because I am sure we have all of the answers.

Statement of the Secretary

Secretary Glickman. Thank you. Mr. Chairman, thank you very much. It is a great honor to appear before you and Chairman Young and the Ranking Member Kaptur and the rest of the members of this committee who have been friends of mine for a very long time. This may be the last time I will appear, certainly at this kind of hearing, and I have enjoyed the last five years. I will have been in this job five years this coming March. Of course, my days in the House are still the highlight of my professional life and always will be, but this has been a great opportunity. I think that we have established a relationship between this committee, and your staff and the people at USDA that, hopefully, my successors, whoever they may be, will be able to preserve and continue the great cooperation and partnership that we have had.

I am joined here by Deputy Secretary Rominger, who is, of course, distinguished in his own right, as head of the California Department of Agriculture before he came here, and our perennial expert, Steve Dewhurst, who may be the longest running budget officer of any agency in Government and certainly the most respected, and our long-term chief economist, Keith Collins. I think it is fitting to note that here we have the two political leaders of the Government, not of the Government, of the Department----

[Laughter.]

Secretary Glickman. I am not running for anything. Trust me. [Laughter.]

And then we have two key dedicated career employees of USDA who have served in Republican and in Democratic administrations, and we are really honored that they are here because they offer, I think, a help to us to try to implement our policy in the best way possible.

Of course, we have, in addition to that, our under secretary for Farm and Foreign Agricultural Services, Mr. Schumacher, and his team who are here to talk about a lot of

program issues.

I would ask that my entire statement appear in the record, and I will make just some summary comments.

America's Farm Economy

It is clear that America's farmers and ranchers are facing difficult economic conditions. I do not have to tell you that in terms of farm prices, exports, and net farm income, these numbers do not look very good. While I think they will turn, I am not telling you that it will happen any time in the near future, and I think there will need to be continued help from the Congress. The trade numbers have come down. I suspect they will go back up again. But the fact is you need a strong domestic farm safety net, in addition to overseas trade to deal with these issues.

I must tell you that the Administration is strongly committed to the approval of permanent normal trade relations with China. When it comes to agriculture, this issue is an absolute win-win. Virtually every agricultural product that we would sell to China would have its tariffs reduced significantly. In fact, agricultural tariffs, by and large, would be at rates equal to or lower than those currently charged by our allies in Europe and in other parts of the world. So normal trade with China offers a significant opportunity for the future of world trade.

But the fact of the matter is that things have been difficult for farmers. Government payments totalled nearly \$23 billion in calendar year 1999 and are projected at over \$17 billion in 2000 and that, to some extent, reflects the emergency appropriations, which Congress provided when things got very, very bad.

FARM SAFETY NET

As the President said in the State of the Union message, we need to work in a bipartisan way to strengthen the safety net until a new farm bill is enacted in 2002. The 1996 farm bill will continue to provide assistance, but it is likely not to be enough. As you know, the Agricultural Marketing Transition Act (AMTA) payments drop a half billion dollars this year and another billion in 2001 under the 1996 farm bill.

In the last two years, Congress has responded near the end of each fiscal year by enacting an emergency aid package, usually led by natural disasters. This has been the tail that has wagged the dog for obtaining a total emergency package to strengthen the farm safety net. For FY 2001, we have proposed in the President's budget an \$11.5 billion package to begin the debate on what the add-ons should be to the 1996 farm bill to help strengthen that safety net package. It is fully paid for in the context of a balanced budget. This is not emergency spending; therefore, it is not off budget. The plan provides three basic parts:

One, there would be countercyclical supplementary income assistance over and above the current farm bill payments to help farmers deal with low prices and revenues, dairy price supports would be extended, loan rates would be frozen and a

new on-farm storage program would be started.

The second part of this \$11.5 billion package would be increasing environmental benefits by treating land as a valuable commodity and not just the commodities grown on the land. A new conservation security payment, a direct payment, would be established. Payments to farmers would not have to be cost shared. In addition a whole group of other conservation programs would be enhanced.

Third, we would provide improved risk management by reforming the crop insurance program to develop new insurance policies, expanding coverage to livestock and specialty crops and replacing the areawide trigger for assistance for noninsured crops with normal disaster declarations. We would also extend the premium buy-down so as to provide about a 30-percent reduction in premiums for next year's crops.

EMPOWERMENT ZONES/ENTERPRISES COMMUNITIES

Finally, we would expand the number of Empowerment Zones and Enterprise Communities, we would provide financing to cooperatives for livestock processing and other value-added facilities and we would implement a new bio-fuels program.

What we are trying to do with this program is to say the following: We know there is going to be some form of supplemental plan for farmers beyond the 1996 farm bill. We hope it is just not doubling AMTA payments again at the last minute of the fiscal year. We recognize that we have an obligation, too, to do more than just complain, but to come up with some specific proposal. We have done that here. It is a targeted proposal, it is national in scope and provides a bridge to a new farm bill. I recognize that because it is on budget and not emergency spending, some people have said it is not enough. But I would point out it is on budget, and it is done in the context of all of the President's budget priorities, and we want to work with Congress on ways to implement this in its form as much as possible, and we will work with you on these issues.

TRADE

Let me move on to the issue of exports. Last year, the Department programmed nearly 8 million metric tons of food aid for countries around the world, the highest level in 25 years. Sales under our Commodity Credit Corporation (CCC) export credit guarantee programs exceeded \$3 billion. It is clear that trade and export growth is an essential component of our farm safety net. As I mentioned, strong efforts will continue to be made on the trade policy front. Last year's agreement with China on bringing China into the World Trade Organization (WTO) should have a significant impact on trade. We estimate, within four or five years, about \$2 billion a year in additional exports could go to China.

The budget provides nearly \$5.8 billion for international programs, including \$3.8 billion for the CCC export credit guarantee programs, which can be increased, if necessary.

We are also requesting, for the third year in a row, authority to use unspent Export Enhancement Program (EEP) funds

for food assistance and market development purposes. Rather than have these funds lapse, we would like them to be used in other export programs. The budget also supports three new agricultural trade offices.

FARM CREDIT

In the area of farm credit, as you know, emergency supplemental appropriations have been provided the last two years through the good work of your committee. For the year 2001, a continued need for additional farm credit is expected. While the 2001 budget includes a \$4.6 billion number for farm credit, we will have to closely monitor the farm credit needs to ensure that adequate credit is available until the farm crisis situation abates.

MARKETING AND INSPECTION

In the area of marketing and inspection, I hear more and more that these issues are front and center out in the country, and I hear it for myself in my own visits. Let me talk about two issues: One is the issue of concentration in agriculture, particularly in livestock and poultry. That continues to be a top priority and requires additional funding.

The Congress passed authority for us to move ahead on mandatory price reporting for livestock. That was begun in the year 2000 with emergency funding and will be continued through the use of appropriated funding. That is a high priority of Congress. It is a high priority for us as well.

I must tell you the whole issue of concentration and agriculture is one that requires, I think, additional resources both within USDA, as well as within the Justice Department. You may be interested to know that they have hired a full-time person at Justice in the Antitrust Division to deal with agricultural issues, and that person just came on board within the last couple of months.

A couple of other issues: One has to do with the inspection of plant and animal species coming in to the country that are affected by citrus canker, Asian long-horned beetle, Med-fly, Mex-fly, hog cholera, etc. We have added about 300 additional persons in our budget to Animal Plant Health Inspection Service (APHIS) on the quarantine and inspection side of the picture. We have been using CCC emergency spending to deal with these programs but, we have asked to convert this emergency spending to appropriated spending in the budget for 2001.

I think this is an issue which requires a lot more attention, both from USDA, as well as from the Congress, to figure out how we can deal with this very large and growing problem of pests and invasive species coming in to the country.

We also have to deal with the issue of biotechnology. We have proposals in our budget for developing testing methods for biotech crops, as well as dealing with threats to agriculture from bioterrorism.

Rural Development

In the area of Rural Development, obviously, there is more

to agriculture than just the farm programs themselves. We have to make sure that the rural infrastructure is kept up-to-date so that jobs can be created, there is adequate housing and access to water, electricity, telecommunications and the Internet. The Rural Development budget will support over \$12 billion in loans, loan guarantees, grants and assistance, which is \$1.3 billion more than the year 2000. That includes \$5 billion in direct and guaranteed loans for single-family housing, which is \$650 million more than the year 2000, as well as increased funding for multi-family housing and rental assistance. There is increased funding for water and waste disposal programs, continued support for rural electric, telecommunication, distance learning and telemedicine to help close the ``digital divide,`` and nearly \$1.3 billion in guaranteed loans and \$50 million in direct loans to help rural businesses.

Research, Education, and Economics

Obviously, the research budget is critical. It has been critical for you, Mr. Chairman. The budget proposes an increase of 3 percent for research, education, and economics. The entire mission area is funded at over \$2 billion.

In the area of food safety, the budget provides increases aimed at reducing microbial contamination of foods. Safe food sells. Public confidence is the key to all of that, and the purpose of these programs is to ensure that people have confidence that our food supply is safe, which I believe it is. The increases in this part of the budget are dedicated to the President's Food Safety Initiative and enhanced implementation of the Hazard Analysis Critical Control Point (HACCP) program. Additional inspectors are being hired in 2000 to ensure that the demand for inspection services can be met without disruption to the industry.

HACCP has been fully implemented in all meat and poultry establishments, with a 96-percent compliance rate. You should be interested to know that the prevalence of salmonella on broilers has been reduced by 50 percent since the HACCP program has come into effect.

One thing that will give the public more confidence that their food supply is safe is that there has been the dramatic reduction of salmonella on poultry, largely as the result of implementing a science-based system. The rate of illnesses caused by campylobacter has also declined as well.

Nutrition

In the area of nutrition, despite unprecedented national prosperity, there are still too many families, particularly with children, who do not know where their next meal is coming from. The budget provides for full funding for food stamps, child nutrition and Women, Infant and Children (WIC). Based on proposed legislation, which we have or will be sending up, food stamp eligibility would be restored to over 200,000 eligibles, and there would be better access to reliable transportation for the working poor. As you may know, the automobile allowance under the Food Stamp Program has basically been at the same

level for over 25 years, with just a very minor increase. We propose raising that allowance for eligibility because the working poor need to have a vehicle at reasonable value to go to work. We think that is very important.

Additional funds are requested to improve and protect program integrity and efficiency, evaluate the effects of a universal free school breakfast program, increase nutrition education and expand Farmers' Markets program.

Natural Resources

In the area of natural resources, as you know, the largest part of the Department of Agriculture in this area is the Forest Service, which is not part of this particular budget request. The part of the budget under jurisdiction of this committee basically private lands conservation in the Natural Resource Conservation Service (NRCS). This part of the budget supports the Administration's farm safety net through the Conservation Security Program, enhancements to the Conservation Reserve Program (CRP), the Wetland Reserve Program (WRP) and other programs that are mentioned in my statement. It also provides for a 50-percent increase in funding to promote bio-based products and bio energy.

Civil Rights

In addition, if I might just end with some other issues on customer service and program integrity. We have been dealing with the problems of civil rights in the Department of Agriculture for some time. Sometimes it feels like two steps forward and one step back, sometimes like two steps back and one step forward. But the fact is we are currently paying out significant compensation to farmers under the Pickford decision, the Federal court decision. We are also working to help socially disadvantaged farmers. We have asked for \$10 million for the 2501 outreach program. We are trying to improve the administration of our customer service by streamlining and restructuring the county offices to provide one-stop USDA service centers.

Centralized County Office Administration

Mr. Chairman, in last year's appropriations bill there was language which prevented us from setting up a centralized administration of our county office system through the Support Services Bureau. I can tell you, after having run this Department for five years, this is the most uncorporate structure probably in the history of our Government. It was set up to be run as separate and almost sovereign units, each agency within the Department. Whether it is the Farm Service Agency, the NRCS, Rural Development, APHIS, it is very difficult to manage a bunch of different agencies who really do not operate within a corporate system for personnel, for information technology for travel.

One of the reasons we ask for the Support Services Bureau is to have some competent corporate management over the programs that serve our farmers. Because farmers really do not

care so much about the acronym of the agency they go to rather they care more about service provided.

I would ask you to take a look at the restrictive language that was put in last year on the Supports Services Bureau and help us as we try to move the Department's management into the modern world. We will talk to you more about this. I know that most of you and your staffs are familiar with a lot of the management problems within USDA. For a lot of historical reasons, we do not have the corporate management that other departments of our Government have in a lot of different areas, and I think we need some help. We have made some progress, by the way, but I think we need some continual help to try to meet some of those challenges.

So, again, I thank you for allowing me to come here today. I realize I have talked in a summary form, but I would be glad to answer any of the questions that you have.

[The prepared statement of Dan Glickman, Secretary of Agriculture, follows:]

Mr. Skeen. Mr. Secretary, we appreciate your being here. You did a fine job, as usual.

I am going to start off with this: We are going to try hard to use the five-minute rule in this hearing, and in all of the hearings henceforth. But we will also continue as many rounds as members like, but try to limit it to five minutes. And I will start and obey my own ruling.

1996 Farm Bill Legislation

Mr. Secretary, have you submitted the legislation for enhancement of the 1996 farm bill to Congress and what are its impacts on fiscal year 2001?

Secretary Glickman. It has not been submitted yet. We are trying to get it done by the end of the month. It is not there yet.

Mr. Skeen. Very good. So it has not been submitted.

Secretary Glickman. No.

FY 2000 supplemental Request

Mr. Skeen. Let me talk about the supplemental request for fiscal year 2000. The President's budget request for fiscal year 2001 made no supplemental request for USDA for fiscal year 2000, but we have been told that something is in the works, and we would appreciate any light that you might shed on this.

Secretary Glickman. Mr. Dewhurst.

Mr. Dewhurst. The Administration is preparing a supplemental for further assistance to the victims of Hurricane Floyd. I understand it involves more than just the Department of Agriculture. It involves a number of departments. There will be agricultural items in that proposal. The Office of Management and Budget (OMB) told me that they expect to submit to the Congress within the next two weeks.

Mr. Skeen. Well, last November there was considerable pressure on us from OMB to add \$81 million for agricultural

cooperatives in North Carolina for losses related to Hurricane Floyd, as well as funding for replacements of destroyed farm structures. Hurricane Floyd was quite some time ago, and surely better information is now available. We would appreciate any information that you can provide as justification of any funding for these purposes.

Mr. Dewhurst. We will do that. The Administration's proposal will renew that request.

Mr. Skeen. Thank you.

Ms. Kaptur.

Ms. Kaptur. Mr. Chairman, I do not think you used your five minutes.

Mr. Skeen. I tried not to. I set a good example.

[Laughter.]

For me, that is hard to do.

Statement of Ms. Kaptur

Ms. Kaptur. Let me thank the Secretary very much for your testimony and to say that I am deeply interested in your proposals that would target agricultural assistance better to losses that have actually been experienced, rather than using formulas that have no relationship to anything, except that maybe you registered at your Farm Service Agency five years ago or six years ago. So I will welcome those.

Farm Credit System

There are studies that are coming out now that are showing how the AMTA payments have been distributed. I suppose the best thing you can say about what has been done is that we were able to hold the Farm Credit System together as a result. We have pushed up real estate prices all over the country with this system. But I really welcome your fresh look at that.

Trade/Food Assistance

I also wanted to compliment you. At the same time as we try to hold our rural sector here together at home, one of the key components in doing that is moving product. And the Commodity Credit Corporation, the work that you have put into moving product around the world, I cannot compliment you enough. And one of my concerns, however, is that USDA, in some way, seems to be hampered in its efforts to do that and to actually achieve some of our foreign policy objectives abroad by USDA being caught up in some of these interagency working groups. And one of them I wanted to ask you about is something called the Food Assistance Policy Council. And, apparently, many times our ability to use our storehouse of grain as a vital tool in our Nation's foreign policy interests have been held up.

Back in 1990, in the farm bill, the other body actually was very critical of such interagency working groups. And I am curious as to whether this new group is merely a follow-on on the old one. Can you tell us who the members of that group are and who chairs the committee?

Secretary Glickman. Well, I would ask Under Secretary Schumacher to comment on the specific workings. Let me just say

this: I suppose it would be nice if I had complete power and control of deciding all of the issues as to where food assistance should go. But it does involve a lot of issues. For example, it involves the purchase of commodities in the open market, which becomes a budget question. It used to be we had large surpluses in storage. CCC owned the commodities. Now, we do not. So we have to go out and buy them. So that has budget implications to it.

I sometimes get frustrated with this process myself, that it does not work fast enough. But we did announce a 3-million ton allocation just last week. I hope the country-by-country allocations can be announced soon. I would say it works reasonably well. In fact, it is interesting. The head of OMB, Jack Lew, when he worked for Tip O'Neill, helped to write some of the CCC provisions dealing with food assistance. So I think he is sympathetic to these ideas. The process does sometimes get bogged down, but I cannot tell you that it does not work. I think it does work. It is slower than I would like, but it does work.

Mr. Schumacher, you might want to comment.

Ms. Kaptur. Mr. Schumacher, who are the members and who chairs the committee?

Mr. Schumacher. I chair the Food Assistance Policy Council that is meeting very regularly, especially the last 15 months. Members of that are the Office of Management and Budget, AID, State, and USDA. We do invite other members to advise us from the National Security Council, National Economic Council, and Treasury. We meet regularly. It is under that arrangement that we worked out the 3-million tons of additional food aid.

Ms. Kaptur. Mr. Secretary, on the shipments abroad, do you expect the level this year to equal last year's level?

Secretary Glickman. I think it will be close to last year's level. I think some of it depends on additional needs during the year. Right now I think we are a little short of last year's level, but we may reach it if the needs are there. My theory is that we have a lot of food in this world and a lot of food in this country, and there is a tremendous amount of need out there. So we should not be stingy with providing food to needy people.

Ms. Kaptur. I just will say, Mr. Chairman, in my last 30 seconds in closing here, I hope, Mr. Secretary, that in follow-up questions that I will ask and documentation from the Agency, often what happens when our food commodities go abroad and they are used for different purposes, they do not contribute to infrastructure development in agriculture, whether it be Russia, whether it be the Middle East or whatever. And I have been very disappointed that USDA has been cut out, with AID many times handling these programs ineffectively in many places in the world.

And I would look to work with you, if we could, to reestablish USDA's role in extension and technical assistance and development in some of these far corners of the globe. For whatever reason, I do not quite understand what happens with interagency transfers of money, but I wanted to highlight that issue. And I know my time is up, and I thank you.

Mr. Skeen. Mr. Walsh.

Mr. Walsh. Thank you, Mr. Chairman. Welcome back.

Mr. Skeen. Thank you.

STATEMENT OF MR. WALSH

Mr. Walsh. Mr. Secretary and all of your staff. Coming from the Northeast, as I do, we are always looking for harbingers of spring. With two feet of snow in my front yard, clearly, the Secretary appearing before the Ag Subcommittee is a harbinger of spring.

[Laughter.]

DAIRY PRICING

Mr. Walsh. It is the only one I have seen so far.

Also, coming from the Northeast, as I do, I am reminded of last fall's battle over dairy pricing. I could never really understand why the Administration and USDA supported a policy that was really punitive to most of the country. Fortunately, it was resolved, I think, to the benefit of the vast majority of dairy farmers in the country, at least the pricing portion of it.

The other portion of that discussion, as you probably remember, was the compact. This is an idea that has gained broad support throughout the East, the Southeast and in many other regions in the country. So that is an issue that remains a high priority for my farmers. You couple that with the supplemental package that was provided last year for agriculture, \$9-billion-plus dollars--with only \$125 million for dairy market loss payment out of \$9 billion for agriculture around the country. And I said in the supplemental that I have a great deal to learn from my Midwestern colleagues and their ability to help their farmers because, clearly, we were not successful. We are losing hundreds, if not thousands, of dairy farmers every year all across the country, and the Northeast is especially hard hit because of land prices, taxes and so forth.

But the compact is one of the few areas of hope that our dairy farmers have. And when you compare what the Federal Government did with the market loss payments of about \$125 million, that came, on the average size dairy farm in the Northeast, it came to about just a little under \$2,000 of relief. Whereas, in the six New England states and the portion of my state that borders New England that sells into the New England compact, their compact payments amounted to \$18,000 to \$20,000 per farm. Now, that is a dramatic difference over what dairy farmers received from between the dairy market loss payments. This is something that consumers, producers, processors and governments within that area have agreed to. The consumers support it. It helps the industry. It is probably the only life buoy out there for them, given the fact that prices, again, are at a 22-year low.

So I would just like to get your thoughts on why the Agriculture Department has continued to oppose this and what would be your position. It might save you some money, in the long term.

Secretary Glickman. Well, first of all, I approved the Northeast Dairy Compact. So the only step I have taken since I have been Secretary has been to authorize the compact.

Now, the compact was to expire last fall when the milk

marketing order system went into effect. Obviously, we went through a battle on that. I would, by the way, point out that Mr. Collins' office produced a document last fall which indicates that virtually every region of the country would have actually benefitted by our milk marketing order reform, but I do not think anybody believed what he said, not because of him, but it was too late in the game. But in any event, that battle has passed us now, and we are implementing the order changes that Congress has put into effect.

I would like to just mention one other thing before I get to that.

Mr. Walsh. Sure.

Secretary Glickman. You do make an interesting point, however. The fact of the matter is last year's disaster assistance program was started because of the drought that occurred in the Northeast in the Mid-Atlantic Region. It was the tail that wagged the dog that produced the \$9 billion.

Mr. Walsh. We got the drought; North Carolina got the money.

Secretary Glickman. Well, they also had a big problem too.

DAIRY PRICING

Mr. Walsh. They do. They do. They will be back.

Secretary Glickman. It is an interesting perspective to note that we have calculated almost 220,000 farmers from Virginia up through the northeast states to Maine. Those states have almost as many farmers as you have in the central heartland region of the country. While agriculture is different all over the country, the fact of the matter is that our agricultural programs have tended to be very, very regional over the years, since the second World War, and we ought to look at ways where we can deal with farmers on a national basis.

It is one of the reasons why we proposed some changes in our crop insurance program. Getting rid of the areawide trigger in the non-insured assistance program will help specialty crops. Direct conservation payments will be paid to farmers all over the country, and they will not be limited just to program crops. These are things to make the program more available to your farmers rather than focused on what you call traditional row crops. I am not prejudicing those crops. I am just saying that our policies tend not to be national in scope.

Now, on the compact issue, we have not taken a position on the compact as an Administration. There is no question the compact has produced some positive results for producers in the Northeast. It is a cartel, however. It is a regional cartel, where dairy producers get together and basically fix the price of a certain type of milk in a certain region of the country. So you would not necessarily call it a market-oriented reform to agriculture. However, not everything in agriculture is done in a pure market. Dairy policy has not been one, historically, that has been pure-market-oriented over the years.

I am willing to have an open mind. I will have to tell you there are a couple of issues. These compacts can tend to produce price fluctuations which can disproportionately hurt the poor and programs that serve the poor. For example, the compact has had to make payments to USDA under the WIC program

because it has raised the price of milk. So you have got to make sure that the compacts are designed in a way that do not hurt the lower income folks.

If you produce too much milk in one region of the country as a result of a compact, the Government either has to buy the milk or it goes to other regions, where it can have a negative effect on the pricing of milk.

Mr. Walsh. If I can interrupt just for a second.

Secretary Glickman. Yes.

Mr. Walsh. The situation now is that the West is producing so much milk for so few customers that it is driving up stores of cheese and nonfat dry, and it has deflated the price. So it is happening to us.

Secretary Glickman. I understand the effect on milk production. I was just out in the Central Valley of California, and one company is talking about operating a dairy farm with 47,000 cows. I do not know how many you have in your district, but that is a lot of cows.

Mr. Walsh. More than that.

Secretary Glickman. The third thing is that, in order to have a national policy, I think the Secretary, whoever is occupying this job, ought to have some powers to modify or revise or oversee the compact while it is in effect. These are just some of the thoughts that I have on the matter.

Mr. Skeen. I appreciate that. That brings me to this point.

Secretary Glickman. Yes.

Mr. Skeen. Mr. Dickey.

Secretary Glickman. Okay. But, anyway, what I am saying is----

[Laughter.]

Mr. Walsh. To be continued.

Secretary Glickman. To be continued. It is something to talk about.

Mr. Skeen. Go ahead and finish your thought.

Secretary Glickman. Sorry about my long answer.

Mr. Skeen. Good answer.

Mr. Dickey.

Mr. Dickey. Hello, Mr. Secretary. How are you?

Secretary Glickman. Fine, sir.

STATEMENT OF MR. DICKEY

Mr. Dickey. Four things, all have to do with Arkansas. Do you know how to pronounce that?

Secretary Glickman. I know how to pronounce the last six letters of Arkansas, not the first two letters.

[Laughter.]

Mr. Dickey. I would like to restore my time.

[Laughter.]

Mr. Dickey. Chicken farmers, black farmers, civil rights discrimination and something called TMDL. On January 27th, we had an ice and snowstorm that collapsed hundreds of chicken farm houses. Chickens were let loose everywhere, millions of them. They died because of the weather. They could not be fed. The buildings were collapsed that were there on-site. Nothing could happen. Folks who have not had----

Are you listening to me, Mr. Secretary?

I am just kidding you. Keep talking. I know you can do two things at once.

[Laughter.]

CHICKEN FARMERS

Mr. Dickey. The chicken farmers, the contract growers are working on a slim margin anyway, and all of these things started coming down. They do not have money to bury the chickens, they do not have money to get rid of the debris, they do not have money to even borrow the money back to start again, and even if they do, the specifications now are going up on them. It is just a collision of bad events for them. And it is hurting our economy. It is going to have a great deal of effect on land values, and taxes and everything else.

The President, as I understand, has been doing something in this regard. The regulations are woefully inapplicable. What is being done to help them and how soon can help come?

Secretary Glickman. I have a couple of comments. One is that NRCS, our soil conservation people, are making some payments in this area, but not to compensate for buildings, I do not think, but for disposal purposes, they are involved.

We have got an assessment team looking at this. We had the same problem in North Carolina, where the emergency loan authority would not go for construction of facilities. And what we are doing is that if, in fact, because this is a big problem everywhere, we are trying to see if there is a way to deal with it under our Emergency Farm Loan Program. If there is not, and you need to change the law to give us that authority, we need to give you that information as quickly as possible. I would like to do it if I have the legal authority.

BLACK FARMERS

Mr. Dickey. Good. The black farmers, they are caught between the court with a consent decree, the adjudicator, the monitor, the facilitator, the inspector general and allegations of fraud, and abuse. And the net result is they are not getting any help. They feel like that justice is being denied by delay. And I have experienced some of it myself, as I have tried to help in their circumstance.

It is intolerable what is being done since the Court has issued its decree. Is there anything that you can offer today that will help, in that regard, these black farmers?

Secretary Glickman. Well, first of all, I think it is important to note that we have issued checks, as of today, to 1,839 farmers, for a total of \$92 million in payments under the settlement agreement. In fact, 200 people will soon receive checks for about \$10 million. I am going to try to expedite the process. But there have been over 20,000 claims filed, about half have been reviewed. Sixty percent have been approved to date. Of those that have been reviewed, 40 percent have been disapproved.

I will tell you this is a third-party process. We do not adjudicate the claims. As you know, under the consent agreement, there is an adjudicator who reviews these claims, and then a monitor who reviews them to make sure that they are

fair. That is very important for me because some people have gone through a lot of history in being denied the claims.

But I also would point out this is not an entitlement for producers. Producers must come in and prove their claims to get the money. Otherwise I am not in a position to pay the claim.

Mr. Dickey. But the consent decree, the problem--excuse me, Mr. Secretary--is that everybody is pointing to everybody else and saying, ``If you cannot do this, and you have got to go do this, and go back to court,'' but the procedure is pretty well set out in the consent decree, as I understand it.

Secretary Glickman. That is correct.

Mr. Dickey. It says, ``Attempting to farm,'' and if you have written to a member of Congress or if you have got any kind of justification for that---

Secretary Glickman. That is right.

Mr. Dickey. But they have been told time and time again that somebody else was going to make the decision.

Secretary Glickman. Let me tell you that I cannot decide that question. Under the consent decree, the adjudicator has to decide the question because we are the ``offending party,'' historically--the Department of Agriculture. What I am saying is that, as of today, we have paid over \$90 million to about 1,850 farmers, and only about half the claims have been reviewed. Tomorrow, there is another conference with Judge Friedman, who is the judge who is handling this case, and we are committed to try to move things along as quickly as possible.

Mr. Dickey. Let us talk some more about that.

Secretary Glickman. Yes.

CIVIL RIGHTS DISCRIMINATION

Mr. Dickey. Civil rights discrimination, I sent you a list of over 1,000 petitioners saying that a particular office in my district was discriminating, and we cannot get the--you all have had an investigator down there, and we cannot get a report. Can you tell me--

Secretary Glickman. I will have to get back to you on that one, Jay.

Mr. Skeen. That is the end of the time.

Ms. DeLauro.

Mr. Dickey. Thank you, sir.

STATEMENT OF MS. DELAURO

Ms. DeLauro. Thank you, Mr. Chairman. And welcome, Mr. Secretary.

Secretary Glickman. Thank you.

Ms. DeLauro. It is a delight to see you here. If you are not going to come back in this capacity, I hope you will think of coming back and joining us in the House again. It would be terrific.

Secretary Glickman. Thank you.

DAIRY COMPACT

Ms. DeLauro. Let me first associate quickly with the

comments of my colleague from New York, Mr. Walsh, in support of the dairy compact.

In terms of the Food Safety Initiative, I am delighted to see that we are looking at efforts to promote the adoption of National Uniform Laboratory Standards by Federal, State and local Governments for testing meat and poultry.

FEDERAL FOOD SAFETY AGENCY

As you know, Congressman Latham and myself last year introduced the Safe Food Act, which would create one, single Federal Food Safety Agency to try to streamline and make effective this process. As the Administration is taking more and more steps to streamline the food safety responsibilities, what obstacles do you see in the way of creating one agency that deals with all of this--with our food safety?

Secretary Glickman. Well, right now, we are trying to deal with this problem by breaking down turf battles and bureaucracy between USDA, Food and Drug Administration, Centers for Disease Control.

Ms. DeLauro. Like Commerce does for shell fish.

Secretary Glickman. Yes. I think it is working reasonably well. The President established a Food Safety Council that deals with all of the issues from new regulations, to impediments to enforcement, to making sure that the research budgets are being properly coordinated. There is a very significant enhancement of the research budget here.

As of today, the Administration has not endorsed a single Food Safety Agency. It may be something at some point in time that may be looked at. I really do not think right now, however, that moving boxes around in the Government will have a profound effect on providing safe food for consumers; certainly, not in the short term because we have got to work on these issues of epidemics of disease, pathogen reduction, all of the other kinds of things.

But at some point, it may be worthwhile looking at a more fundamental structural change. But right now, I think we have our hands full just to deal with the problems of making sure that people do not get food-borne illnesses. The HACCP program is working. It is, by and large, working pretty well.

Ms. DeLauro. A comment on that, and I know that there has not been an endorsement of one agency. There are a number of us who are going to continue to pursue that.

Secretary Glickman. Right.

Ms. DeLauro. I think you are correct in talking about breaking down some of the barriers. But I think that ought to be the direction in which we go so that this is in one place, and so that we can try to deal with this in an efficient and an effective manner.

FOOD SAFETY

The salmonella threat, how big is the threat? You talked about the 50 percent that we have, 50 percent in chickens. Is this, in your sense, where we are in this process of cutting down on the threat?

Secretary Glickman. Well, salmonella, I think is the most

common food-borne illness, if I am not mistaken. It is prevalent, I do not know about all meat products, but it is more prevalent in poultry products, If you follow the proper HACCP procedures and there is proper cooking, and proper food handling, you are able to contain the problem. That is what we are trying to do. It need not be a problem, if the processes and procedures are followed correctly.

Ms. DeLauro. A quick question. If closing, the plants where we discovered the outbreaks was mandatory instead of voluntary, would this move us in a direction of better and more efficient handling of the problem?

Secretary Glickman. Well, perhaps, but let me make a couple of points here.

I think the more critical problem, to be honest with you, is that I do not have recall authority under current law. I cannot recall a product. Now, I can ask a company to recall a product, and they will do it, under most circumstances, because I have the authority to withdraw the stamp of the inspection, the USDA stamp. But I do not have the authority to recall a meat product, which I think is--by the way, a major shortcoming in the law given that the Consumer Product Safety Commission has authority to recall defective consumer products.

Ms. DeLauro. Right. Exactly.

Secretary Glickman. But I cannot recall defective meat or poultry. I can only hope that I get the cooperation of industry, and by and large, they give it. So I think that is a more pressing issue, however, for us to deal with.

The one thing about salmonella, is that it is a pretty good indicator. If you find salmonella in a plant, it may be indicative of other problems. That is why the salmonella standard has been so important to us.

FREE SCHOOL BREAKFAST PROGRAM

Ms. DeLauro. I would like to talk about the Administration's \$5 million to complete the Universal Free School Breakfast Demonstration Program--8.7 million breakfasts are served in my state of Connecticut. What are the plans after the research is completed?

Secretary Glickman. Well, I think the idea is to look at these pilot programs and to see how well they work and then decide whether we want to develop more comprehensive legislation is that correct?

Mr. Dewhurst. That is correct. There will be an evaluation, which will be submitted to the Congress, and then the decisions will have to be made.

Secretary Glickman. We will have to make a decision.

Ms. DeLauro. Timing on?

Mr. Dewhurst. As I recall, the pilot program is a three-year program so the evaluation would proceed after the pilot is done.

Ms. DeLauro. Mr. Chairman, I just have one comment. I saw the red peppers there, hanging. And if they are available for members to take, there is a great Italian dish. It is spaghetti al olio, garlic and oil, con peperoncini. That is the peperoncini. I would like to take some home with me, if I can.
[Laughter.]

I will be happy to make the pasta for the committee.

Mr. Skeen. Let me tell you this: Those have been varnished.
[Laughter.]

Ms. DeLauro. Thank you. Thank you.

Mr. Skeen. They are very gummy. Would you excuse us, Mr. Secretary, and we will go and have this vote, get it out of the way and be right back.

Secretary Glickman. Sure.

Mr. Skeen. Thank you for your patience.

[Recess.]

Mr. Skeen. Before we start, I just want to warn everybody that we have changed the timing device so that it will be beep when the five minutes have expired. I did not want anybody to be startled.

Mr. Kingston?

STATEMENT OF MR. KINGSTON

Mr. Kingston. Thank you, Mr. Chairman. I think you may have also rigged it to three minutes for mine.

Mr. Secretary, it is always a great pleasure to have you and your professional staff with us.

FOOD SAFETY INSPECTION

Let me ask, first off, I had a very good, a very satisfactory meeting with the Food Safety Inspection people the other day, Katherine Wotecki, and the issue of inspectors came up. And I know last year you requested I think \$545 million, or thereabouts, and got it, and hired 70 new inspectors I believe she told me. You have something like 7,000, including veterinarians right now. The numbers are less relevant than----

She said one of the problems you are experiencing is a 5-percent growth in the industry, and it is hard for the Food Safety Inspection Service to keep up with it. And so realizing that it is a problem for you all, it is a problem for the consumers, it is a problem for the industries, how are we going to adequately address that in this year's budget?

Secretary Glickman. How many additional inspectors are we talking about in this year's budget?

Mr. Kingston. I think 70.

Mr. Dewhurst. I think we are hiring about 170 additional inspectors in FY 2000.

Mr. Kingston. But I do not get the impression that that is going to handle it. I might be wrong.

Secretary Glickman. We also asked for a supplemental, I think, did we not, for more inspectors for this year?

Mr. Dewhurst. No.

Mr. Dewhurst. The problem is that the growth in the industry tends to outstrip our estimates. At the time we do the budget, the number is right because it is based on the best estimates we have, and then the industry growth is bigger than we anticipate. These dollars, of course, come out of the budget, and it is very hard to foresee in advance.

And the Agency, of course, has a rigorous training program for inspectors, and they cannot just bring them online.

Mr. Kingston. It is also hard recruiting them, too,

though----

Mr. Dewhurst. Yes.

Mr. Kingston [continuing]. In this economy, particularly. And then you also had somewhat of a problem with the union. And yet you won in court a battle in one plant, right? Did that kind of free you up to move faster or did that have any impact?

Mr. Dewhurst. I just would have to say I do not know. I am not familiar with the court battle.

[Additional information follows:]

On April 8, 1998, the American Federation of Government Employees, AFL-CIO (AFGE) filed a lawsuit on behalf of the meat and poultry inspectors ``to halt USDA's implementation of its HACCP regulations in so far as it promises to replace federal meat inspection with an industry `honor system'.'' The judge ruled in favor of FSIS during the summer of 1999. FSIS was engaged in negotiations with the National Joint Council (NJC) of the AFGE over initiating the models project. A Memorandum of Understanding (MOU) was signed with the union May 19, 1999. In the MOU model inspection activities were agreed upon, including: numbers, types, and grades of inspection personnel; training; duration of the pilot; and impact on redeveloped personnel, and the number of plants in the initial stages of the pilot (30).

Mr. Kingston. I guess, let me just leave it like this. Our office, and many of the offices in this panel are interested in this issue. If we can help you, whatever we can do, let us know.

Another issue is, of course, the annual fee request in your budget, and that has been a bipartisan thing. But one of the issues that I talked to Ms. Wotecki about is that here we have states that have an aggregate of about \$35 billion in surpluses right now, and my State, Georgia, has nearly a billion dollars, and yet we reimburse them for some of the inspection fees. And it may be time to look at that; you know, what are we doing? And I know with the interstate inspection legislation that you are working on, maybe this fits into it.

I think we are all great optimists, but the fee is going to fall by the wayside, I am sure, during the process, as it historically always has. So what are we going to do when that happens to kind of make up for it?

Secretary Glickman. You are correct. We are working on legislation for the interstate shipment of state-inspected meat. And perhaps we can get that done this year. You are also correct that we do reimburse the states, and perhaps that is something that we ought to be looking at, either legislatively or through some other methods.

I will tell you that I think Under Secretary Wotecki is right. The volume is that growth, in certain aspects of the meat and poultry industry, exceeds our ability to meet the inspection needs, even with the new HACCP system, without having substantial additional inspectors.

FOOD QUALITY PROTECTION ACT

Mr. Kingston. Now, switching gears a little bit on the Food

Quality Protection Act, the Environmental Protection Agency (EPA) seems to be a little bit more activist, in terms of an environmental slant, than I think the original authors of this legislation had in mind. And one of the problems is that I think USDA is more ``let us make the decisions for pesticides on sound science,'' EPA is ``let us do it according to environmental polls and constituencies.'' This is being critical of them, but that--

Do you talk to your, not a cabinet secretary, but your counterpart, Ms. Browner, on a one-on-one basis about this? And where do you go on those conversations?

Secretary Glickman. We have many issues with EPA, from this issue to issues under the Clean Water Act. There are proposed rules under that act, as well. We are engaged in constant dialogue. For a lot of these statutes, EPA has the prime legislative authority, and USDA's role is as much advisory as anything. Some statutes have some equal legislative jurisdiction.

I might ask Deputy Secretary Rominger to comment because he has been more engaged on this issue.

Mr. Rominger. I have been meeting, over the last several years, regularly with the deputy administrator at EPA. And as you may know, they have a new deputy administrator, just confirmed a couple of weeks ago, and I have a meeting scheduled with him tomorrow for our first sit-down, get-together to talk about some of the issues where we are working together and where we do have concerns.

But, yes, we continue to look at ways to implement whether it is the Clean Water Act or FQPA in a manner that farmers can continue to make a living, and continue to have their pest protection methods that they need.

Mr. Kingston. Was that the time bell?

Mr. Skeen. That was the time bell.

Mr. Kingston. Thank you.

Mr. Skeen. Mr. Farr.

STATEMENT OF MR. FARR

Mr. Farr. Thank you very much, Mr. Chairman. I have a whole bunch of questions. So rather than getting a long response, perhaps if we could get some responses in writing.

SPECIALTY CROPS

The first question is that the discussion in the field with the farmers this year is all about what is happening in specialty crop with market consolidation, market contraction, just a few buyers left. And I know you said that the Justice Department and your Department is looking at some of this. Could you put it in writing so that we could send it out to them and tell them what we are doing?

Secretary Glickman. Sure.

[The information follows:]

The Department of Justice has recently established a Special Counsel for Agriculture in its Antitrust Division. The person appointed to the position is Mr. Douglas Ross. The

Justice Department together with USDA and the Federal Trade Commission have recently signed a memorandum of understanding to increase cooperation among the three agencies to monitor competitive conditions in the agricultural marketplace, to share information, and confer regularly to discuss enforcement and regulatory matters.

AG LAND PROTECTION

Mr. Farr. In your nine-point program that you were outlining in your testimony, you indicated that the ag land protection is going to be a big push this year. I want to congratulate and compliment you on that. We got zero money for it last year.

Where is the money going to come from this year?

Secretary Glickman. Well, of course, we have asked for \$65 million in the farmland preservation program efforts.

Mr. Farr. Last year, you asked for it from a committee that had no jurisdiction, which was the Land and Water Conservation Fund, which is Interior. Can't this committee put some money into that?

Secretary Glickman. Is it this subcommittee that would deal with it?

Mr. Dewhurst. It is kind of complicated because of jurisdiction.

You are right. The proposal in the safety net package is for authorizing legislation, which would be funded by the Agriculture Committees. In the safety net proposal, there is a very large \$65-million-a-year farmland protection program. There is nothing to prevent this committee from funding the farmland protection program, but I am not aware that there is an authority for an appropriation for that program. It could raise an authority problem.

Mr. Farr. Well, we will work on that because I think that this committee would like to control that and have some ability to help you with that. It is a big issue, and I applaud you for your support of it.

ORGANIC RULES

Organic rules. Last year, you were here, and you told us that the rules would be out by the end of this year, last year.

Secretary Glickman. Did I say last year?

Mr. Farr. When will they be out?

Secretary Glickman. The rules are in the OMB clearance process. So I hope to get them out as fast as possible.

Mr. Farr. How long does that take?

Secretary Glickman. It is taking longer than I would like, but that is where they are. So, perhaps, you might want to make a phone call.

[Laughter.]

Mr. Farr. Well, it has taken a decade----

Secretary Glickman. I know.

Mr. Farr. I mean, it is interesting, from the time that you passed the legislation, when you were in Congress----

Secretary Glickman. That is right.

Mr. Farr [continuing]. To the time the regulations have

been written, it has been over ten years.

Secretary Glickman. I hope to get them out before I leave this job.

SCHOOL LUNCH PROGRAM

Mr. Farr. A question on school lunch, school breakfast. We have legislation in both the House and the Senate that would reverse the cut in the school lunch commodity assistance. The legislation would restore approximately \$500 million of commodity assistance to schools in the next nine years. This equals nearly 760 million pounds of food that would be purchased from American farmers. I am a big supporter of it. Could you comment on the bill.

Secretary Glickman. I would just say we are looking at the legislation. I cannot give you a formal position just yet. But the subject matter is something that I am very interested in, personally.

Mr. Farr. When do you think you might have a position on that?

Secretary Glickman. We will respond to your question when we have a position for you.

SCHOOL BREAKFAST PROGRAM

Mr. Farr. Also, the USDA budget includes a request for \$6 million to fully fund the school breakfast program that Rosa DeLauro mentioned. Then you are asking for another \$7 million. Why do you need another \$7 million?

Mr. Dewhurst. The total cost of the pilot program, the school breakfast pilot, was estimated at \$13 million. Congress gave us part of that money in the current fiscal year 2000 bill, \$7 million, as I recall. So we are asking for the remaining \$6 million in order to be able to run the program and do the evaluation.

NRCS WATER RESOURCES

Mr. Farr. Okay. Last year, the appropriation bill included some language in NRCS to provide financial assistance to Monterey County, which I represent, for their water resources agency, and now that we are applying for those funds, we are getting resistance from people in that agency. Could you make sure that they are less resistant?

[Laughter.]

Secretary Glickman. I will find out the cause of their resistance.

COMMODITY PURCHASES

Mr. Farr. And, lastly, one thing that I am very keen on, Mr. Chairman--and I would hope that our--I think it would be very interesting for this committee and for all of Congress if we could get a list from the Department of all of the commodities that the United States Government buys, or maybe if we could even go further, all governments in the United States buy.

One of the things that I was shocked to find out is how much food and specialty crops the United States military buys, and, you know, we keep the commodity programs on here. But if we could really get a thorough laundry list of all of the food that is purchased by Government by commodity, it would be very interesting.

Secretary Glickman. We can clearly give you that from USDA.
[The information follows:]

Mr. Farr. Thank you.
Mr. Skeen. Mr. Nethercutt.

Statement of Mr. Nethercutt

Mr. Nethercutt. Thank you, Mr. Chairman. Mr. Secretary, welcome, gentlemen.

Mr. Secretary, you have always been a gentleman before the committee, and even though you and I disagree on some things, I appreciate your tenure as Secretary and wish you well at the--presumably there is going to be a Republican President.

Secretary Glickman. You are not sure, though, are you?

Mr. Nethercutt. The silence is deafening. [Laughter.]

No, I am not sure.

Mr. Farr. There is always a lot of false presumption.

Mr. Nethercutt. In any event, thank you for your service.

Sanctions

I have strongly been interested in the concept that our country should lift sanctions on food and medicine with other countries with whom we disagree. I think the embargo policy is wrong-headed as it relates to food and medicine that we have had in this country for years, and I think it particularly hurts our farmers. I won't ask you for your support for our bill that we have put in. We have got a lot of Democrats and Republicans who feel this is a good thing. But I will suggest to you that it would be a good thing for this administration to embrace, along with the thought that it might be wise in either this administration or thenext, whoever commands the White House, to think about a consolidated effort in USDA to have a single-desk mentality, such that Canada and Australia do, and get our State Department and our Treasury Department and our USDA on one page as it relates to exports of agricultural commodities and capturing markets that we are now losing. On soft white wheat, we have lost the last two sales--I have forgotten how many millions of dollars, but several hundred million--that mean something to our farmers.

So I would be interested, number one, in your endorsement of the idea that we ought to lift sanctions on food and medicine, and, second of all, whether you see restructuring within USDA to more aggressively try to capture markets that we seem to be losing. We need to help our farmers have some hope that this world market concept that we employed back in 1996 is a good thing.

Secretary Glickman. Well, you know, both the President and

I have said that, by and large, we should not use food and medicine as a tool of foreign policy. There are some countries that we have made the judgment that sanctions are needed although, again, there is virtually no place where there are absolute prohibitions anymore. But there are relative levels of prohibitions for a variety of foreign policy reasons.

You know, we have made an effort to try to reduce the impact of sanctions. We estimate that the effect of sanctions on worldwide U.S. agricultural exports is roughly \$500 million a year, about 1 percent of our export volume, but any amount can have an impact, particularly regionally and crop-wise.

I have talked to the President about this personally, and, you know, we continue to look at and work at sanctions particularly on agriculture and food products, to see if there are ways to minimize their impacts. Wheat is the commodity most affected by sanctions. It is a big commodity in your district.

Mr. Nethercutt. Yes, sir.

Secretary Glickman. It is a big commodity in my State as well. So I understand your concerns there.

I don't have a particular view on the single desk, but I do think that it is important that in the turf battles in some of these issues, we do our best to try to minimize them as much as possible.

P.L. 480 Funding

Mr. Nethercutt. And I appreciate your views. I am concerned, while on the one hand your Department talks about expanded trade, yet we reduce in the budget P.L. 480 funding. I am advised that there is a proposed removal by the Department of the foreign agricultural officer from Singapore, the United States' tenth largest customer with over \$15 billion in sales in 1998. That is a signal for retreat, it seems to me, of an aggressive sales policy.

Secretary Glickman. Can I ask Mr. Schumacher or Mr. Fritz to respond to that?

Mr. Nethercutt. Sure.

Secretary Glickman. Because, actually, we are adding three FAS offices in--I don't now what the countries are, but Gus might want to comment just quickly, and also address the Singapore and the P.L. 480.

Mr. Schumacher. First, P.L. 480, as you recall, the President announced a major initiative last year on wheat in July, and we have some carryover into this year. That was in the section 416(b) problem. We have some funding carryover in P.L. 480 because of that major initiative. We are now working that, but that is why there is somewhat less in the P.L. 480 request. As I indicated earlier, we also are doing 3 million tons under section 416(b) that was just recently announced.

Concerning Singapore, we are opening a new office in Manila. We felt that this office could well serve the region at a third of the cost that we have been spending in Singapore. It is a very, very expensive place to have offices, and so we are shifting that responsibility to where it is cheaper to operate and which has good transportation.

Secretary Glickman. Where are we adding offices?

Mr. Schumacher. In the Philippines, Canada, and, of course,

Mexico, the two NAFTA partners where we are doing \$13 billion in sales. We felt that was the right place. Exports are expanding very rapidly in Mexico, especially for crops.

Mr. Nethercutt. Thank you, Mr. Chairman.

Mr. Skeen. Mr. Bonilla?

Statement of Mr. Bonilla

Mr. Bonilla. Thank you, Chairman.

Secretary, I also want to commend you for your fine services over the years. I can't believe you have been doing this 5 years now. It just seems like yesterday I was running into you in the hallway around here. But good luck in whatever you wind up doing the next year or so.

Pending Supplemental

I have a lot of territory to cover this morning, so I will go ahead and start. I want to start with the pending supplemental request that we are hearing is out there for about \$8 million to cover the FSIS for 2 consecutive years of overspending the budget. Do you know when we will be receiving that request? And, Secretary, what measures are you taking to prevent that overspending from occurring again?

Secretary Glickman. Do you want to talk about the request?

Mr. Dewhurst. We are working with the OMB on that, but I can't tell you when it will be submitted, other than that we are working with them on it. Those over-obligations, as you say, occurred in 2 years, 1997 and 1998. It is clear that the FSIS needs a much stronger accounting system and much stronger internal controls on their spending. They have been a very decentralized agency in terms of who in the agency gets to authorize spending.

Our chief financial officer is looking into the matter. There is a new accounting system that has just been installed at the National Finance Center in New Orleans. The FSIS was just brought up on that new system, and FSIS has made some organizational changes to insert some additional discipline in how it controls money.

So we are hopeful that those things in total will prevent this from happening again.

Mr. Bonilla. And, I am sorry, you said the supplemental request is where, exactly?

Secretary Glickman. At the Office of Management and Budget.

Mr. Bonilla. And so the timetable?

Secretary Glickman. Well, you are going to have to work on this fairly quickly, and, you know, since it is not out of the administration yet, I can't tell you exactly what is in it. But I think it is fair to say that I have some concerns about FSIS. That may be in the supplemental request.

Mr. Bonilla. I think we are doing a supplemental bill early March, is my understanding.

Pima Cotton

I will move now to a different subject. Secretary, you have been authorized to establish and operate a competitiveness

program for pima cotton effective October 1 of last year and for the remainder of the 1996 farm law. When do you expect to announce the details and implementation of the pima competitiveness provision?

Mr. Collins. I can only tell you that we are working on that proposal right now. We have earmarked \$10 million for a program that would be analogous to the step 2 program that is used for upland cotton. I can't give you a specific date on when that will come out.

Mr. Bonilla. Next week?

Mr. Collins. We will do it as soon as possible.

Mr. Bonilla. Next 6 months? Next year? I mean, give me something.

Mr. Collins. All I can tell you is soon. I don't have a specific date. I will get back to you as soon as I can with a timetable, if that will help.

Mr. Bonilla. I would appreciate that.

Boll Weevil Eradication Program

Secretary, the appropriations bill for this year included over \$17 million for the national boll weevil eradication program. This is a big deal, as you know, with a lot of my producers back home. The funding level represented a slight increase over the 1999 levels, and I am disappointed that your Department chose to reduce funding for this program by about \$2.6 million, a full 15 percent, thereby actually reducing the fiscal year 2000 funding below the fiscal year 1999 funding, even though the program is expanding.

I was also disappointed to learn the administration's 2001 budget proposal recommends that only \$3 million be made available for APHIS for the fiscal year 2001 boll weevil eradication program. Apparently, the Department is minimizing the value of the significant environmental benefits that successful completion of this program will provide communities across the cotton belt, benefits which have been documented and recognized by APHIS and the EPA.

So my question is: The funding now available will provide less than 5 percent cost share for the program. Your budget proposal for fiscal year 2001 would essentially eliminate any Federal cost share for the program. Do you see that?

Secretary Glickman. Well, first of all, this is an important program. I know there has been an effort to convert much of this from a grant to a loan program, but I think Mr. Dewhurst may have more specific answers for you.

Mr. Dewhurst. That is correct. The administration's position has been that the program should move from a cost share program to a loan program, and there is \$100 million in loan authority in the Farm Service Agency for the boll weevil loan program. I understand that that is not a unanimously accepted position, but that has been the position, and that is the reason----

Mr. Bonilla. Well, we appreciate the support of the loan program. That is important. But we also feel that spending this money, frankly, generates a lot of benefits out there as well.

Secretary Glickman. We hear you. It is just something we will have to work on during the appropriations process.

Aphis Eradication and Control Programs

Mr. Bonilla. How are these priorities determined when you have significant increases for other APHIS and eradication and control programs, but yet this one is slighted? You have time to answer.

Secretary Glickman. All I can tell you is that APHIS sends their budget priorities up to us based upon where they consider the nature of the pressing problems. The boll weevil program has been in effect for a long time, and I think their belief is that it has been extremely successful and it is time to see it converted into a loan program rather than a grant program. The crisis areas that aphis is dealing with include pest infestation, citrus canker and a variety of other issues. So they have made some priority judgments based upon the dollars that they have got.

Mr. Bonilla. I have a couple other questions I will send you, if that is all right, for an answer on the record. I would appreciate that.

Thank you.

Secretary Glickman. Thank you.

Mr. Skeen. Mr. Hinchey?

Statement of Mr. Hinchey

Mr. Hinchey. Thank you very much, Mr. Chairman.

Mr. Secretary, I want to take this opportunity to thank you for your service to our country. The President made an excellent choice when he appointed you the Secretary of Agriculture.

Secretary Glickman. Thank you.

Rural Development

Mr. Hinchey. And I want to thank you especially for your attention to rural development issues in New York. I would also observe that during your tenure you have had to deal with a number of interesting and challenging problems: problems of low prices due to the economic crisis in East Asia and elsewhere around the world, problems associated with the Freedom-to-Farm bill, problems of weather and things of that nature, and also bad luck that might be attributed to the infestation of exotic pests, which I might add parenthetically is a reason to be a little bit wary about these trade agreements. But that is just another aspect of the problem that we have to deal with.

Supplementary Income Assistance

The supplementary income assistance program is one that I want to focus a little bit of attention on in the couple minutes that I have. In your testimony, you say that emergency assistance has been expensive and not well targeted to those producers who need it most. And no one could argue with that. It is a difficult program to administer, and it is hard to target those producers sometimes. Nevertheless, it is a very important program and needs to continue.

My concern in this regard is that of the \$7 billion that you propose in supplementary income assistance--\$5.6 billion of that is going to go to traditional row crops. As a representative of New York, where we grow specialty crops--fruits, fresh market corn, things of that nature--there is no real program to deal with the problems of fruits and vegetables. And when fruits and vegetables are hit by bad weather, for example, it is not often that they are wiped out, but that the quality is reduced substantially as a result of that experience. And there is no program to deal with that.

I would like to bring this to your attention in the hopes that the Department would make adjustments in this program so that needed help would continue to flow to those farmers in the midwestern part of the country who produce the wheat and the grains, the rice and sorghum, and all the other products, but also that we would be able to devote a little bit of attention, appropriately, to these specialty crops that are grown mostly in the North.

Secretary Glickman. I think you raise an excellent point, and let me make a couple points. One is that we are trying to make our risk management programs more suitable in areas of the country that have not traditionally been row crop agriculture. While a lot of people have criticized the crop insurance program, it is true that where you have long histories of established yields, it is easier to set up a risk management system than for crops that haven't historically been covered. That has really been the problem with dealing with fresh fruits and vegetables.

We are really trying our best under Mr. Schumacher's leadership, who comes from Massachusetts and was the Ag Commissioner of Massachusetts, to try to make this program suitable for farmers who do not grow traditional row crops as well as those who grow specialty crops.

One of the things we are getting rid of is the area-wide trigger under the non-insured assistance program. A strawberry farmer or a fruit and vegetable farmer will be able to get some coverage for individual loss based on only a natural disaster declaration. That also helps Mr. Farr's district and other places as well.

We are offering whole-farm crop insurance which ought to help people who are not necessarily in traditional areas as well.

Mr. Hinchey. Could you suffer an interruption on that?
Secretary Glickman. Yes.

Supplemental Income Assistance

Mr. Hinchey. I appreciate that and I wanted to get into the issue of crop insurance as well. But what I would like to talk about now is the issue of supplementary income assistance. That is the issue that I am concerned about at the moment. The supplementary income assistance, the \$7 billion in additional direct farm income assistance during the next 2 years, \$5.6 billion is to provide, and I quote, ``supplementary crop-specific income assistance to producers of wheat, feedgrain, rice, upland cotton, and oilseed suffering from low prices and revenues.''

I have no argument with that. My concern is that there is no supplementary income assistance to farmers who grow vegetables, apples, other fruits, and have their crops damaged.

Secretary Glickman. You are absolutely correct. Because of the logistics of administering the program, we based it on the crops that are covered under the existing proposal. But philosophically, I happen to agree with you. I think we need to take farm policy, which is heavily regionalized, and do our best to make it much more national. One of the ideas is to have farm programs based upon income and perhaps help farmers in the countercyclical way rather than focus strictly on specific crops that are grown.

We presented this idea as an alternative to just doubling AMTA payments that has been done in previous emergency bills. This was not meant to be necessarily the formula for the new farm bill. But you are correct. Because of the histories and the yields and everything that has been established, it is largely based upon the crops that have been covered historically.

Mr. Hinchey. Well, can you give me some direction here? Would this be a problem that would benefit more appropriately from actions taken by your agency? Or should that action come from the Congress?

Secretary Glickman. No, I think it has got to come from the Congress. This is a fundamental issue in the rewrite of the 1996 farm bill. You need to decide, how to cover crops other than traditional crops? Our proposal has to be run through the Congress, anyway. This was just the initial proposal.

Mr. Hinchey. Would you be kind enough to have the appropriate person on your staff contact my office so that we can benefit from their knowledge in this particular area and derive some direction from their knowledge so that we could get some assistance for these specialty crops.

Secretary Glickman. Yes. For example, there is no philosophical reason why you couldn't develop a farm bill based upon a total farm income of every farm, regardless of what you produce, whether it is livestock or crops, whether it is specialty crops or row crops. And then you could have some sort of countercyclical assistance based on some percentage of farm income. It could provide people with some kind of insurance, whether it is traditional insurance or more of a direct payment.

It is difficult for us to do that on crops other than row crops because we don't have a lot of experience. But it is philosophically possible.

Supplemental Income Assistance

Mr. Hinchey. I don't want to in any way detract from the row crops, and I don't want to in any way add to the problems that they have. God knows that the Freedom-to-Farm bill has inflicted enough misery on them. But I do want to provide some assistance to the people who grow these specialty crops, like apples, like fresh market corn, vines, things of that nature.

Who would be the person in your office who might contact us on that?

Secretary Glickman. I would say somebody in Mr.

Schumacher's office.

Mr. Hinchey. Mr. Schumacher?

Secretary Glickman. He or somebody in his office.

Mr. Hinchey. Okay. Thank you.

Mr. Skeen. Mr. Latham?

Statement of Mr. Latham

Mr. Latham. Thank you very much, Mr. Chairman and Mr. Secretary. Someone said, what, in a couple months you will be the longest-serving Secretary in like 30 years or something like that.

Secretary Glickman. Notice my hairline.

Mr. Latham. It is beginning to show. [Laughter.]

Anyway, I wish very much that you could come here with a budget proposal that you actually could write yourself and not have to come from OMB. I think it would appear quite different.

MANDATORY PRICE REPORTING

A couple things. This committee last year with the appropriations bill put in mandatory price reporting. Could you just give us an update where we are, when we can expect that to be in place and operational? And the money, is that---

Secretary Glickman. Money is not a problem now. You have provided the money, at least initially.

Mr. Dewhurst. Yes, sir, you have provided \$4.7 million, which we have allocated to the Agricultural Marketing Service. They are working on rules. My understanding is that they are going to try to have the process going by this summer. We have \$5.9 million in the 2001 budget to continue the program on a permanent basis.

Mr. Latham. Okay. Very good. We will look forward to it.

We have been getting a lot of calls from farmers and some bin manufacturers about bin storage loans. And, you know, what is the estimated date for the final rules for the grain storage loans? And, will they be available for grain only or will feed and other commodities be eligible for storage?

Secretary Glickman. I think the final rules will be out in the next 4 to 6 weeks.

Mr. Latham. Is it grain only?

Mr. Schumacher. Mr. Latham, I was expecting this question. I did check the charter act or legislation. It does say specifically grains.

Mr. Latham. Grains, okay.

Mr. Schumacher. Just specifically grains. I can get that language for you.

FARM SAFETY NET PROPOSAL

Mr. Latham. Okay. The proposal that you have had as far as changes or adjustments in the farm bill or countercyclical payments, I guess, as you well know, was kind of met with resounding bipartisan--saying it is probably not going to work or not have enough money. And I guess as an example, if you had two farmers, one of them had a pretty good year and had 150-bushel corn, and the other one had a drought, had 50-bushel corn, who would your proposal help? Who needs the help the

most, and who would your proposal help?

Secretary Glickman. Well, I can't answer that without looking at the financial statements and, you know, the total incomes.

Mr. Latham. But the proposal is based on bushels, and----

Secretary Glickman. But let me just say, the income security would help both. You also have crop insurance as well. You have got to put those things together.

Mr. Latham. But that is not in your proposal.

Secretary Glickman. No, other than that we have tried to improve crop insurance.

Mr. Latham. I mean, my point is the person who has a very, very--maybe exceptionally large yield is going to benefit the most, and the person who has a near disaster or a disaster is going to get little or no benefit from your proposal. Isn't that correct?

Secretary Glickman. I would ask Mr. Collins to respond.

Mr. Collins. When the legislation was proposed, we said we would like to make the payments based on essentially current production. But we didn't really define current production. We intend to do that in the statutory language that we send to Congress. I think what we have talked about most recently is defining a concept of current production that would use current planted acreage and a historical average yield, which would deal with that problem so that a producer would have an average yield.

Mr. Latham. In essence, then, you are doing an AMTA payment.

Mr. Collins. No. An AMTA payment is based on historical acreage and yields going back to 1981. And, this would be based on current planted acreage. An AMTA payment can go to people who are not necessarily even planting a crop. You would have to plant the crop to get this payment, so it would be current planted acreage and historical yield. So, it would be different than an AMTA payment.

Mr. Latham. Technically, but it is going to tie to--the person that produces the most is going to benefit the most. And, historically, going back every--and I am a farmer, so I am somewhat aware of this. We have been paying people not to produce for how many years?

Mr. Collins. We stopped acreage programs in 1996.

Mr. Latham. Well, okay, but you just--a lot of people are saying that we are paying people and it doesn't matter whether they plant anything or not. Right?

Mr. Collins. That is what we are doing.

Mr. Latham. And then how long have we been doing that?

Mr. Collins. Since 1996.

Mr. Latham. Since the first farm bill we haven't been paying people not to produce?

Mr. Collins. Oh, it depends what you mean.

FARM SAFETY NET PROPOSAL

Mr. Latham. I mean, to me it is just a bogus argument. We have been paying people to take land out of production for, you know, 30 years.

Mr. Collins. We have through set-aside and paid diversions.

But the AMTA payment is a little different. They don't have to take land out of production or they can leave it in production and get the payment either way.

Mr. Latham. With the idea that the farmer, and his being an intelligent individual himself, can make a determination as to what the best crop on his farm is to plant.

Mr. Collins. Right.

Mr. Latham. And that is the idea, the flexibility. So if you want to take that away and go back to the idea of paying people not to plant----

Mr. Collins. The Secretary is not proposing taking that away. He is proposing leaving the AMTA payment exactly as it is, and this would be a rider on top of the AMTA payment.

Mr. Latham. Right. Obviously, my point is that even though it may be phrased differently, we are doing the same thing as we have for 30, 40, 50, 60 years.

Thank you, Mr. Chairman.

Mr. Skeen. Mr. Boyd.

STATEMENT OF MR. BOYD

Mr. Boyd. Thank you very much, Mr. Chairman.

Mr. Secretary, thank you for being here and with your team, and I, too, want to echo the comments of some others about the job that you have done. I know that you are in the position of overseeing a sector of our economy which is in the tanks, so to speak, has been for a while. The program that this Congress put in place in 1996 obviously is not working, and I applaud you and the administration for advancing at least the general outline of a program which will hopefully plug the gap temporarily, or hopefully permanently.

It is just a very serious situation, and I want you to know that this member certainly is willing to work with you on coming up with something that works.

I heard the line of questioning from Mr. Latham, and I know his concerns, but the truth is that the program we have is not working and looks like it doesn't have any hopes of working.

Mr. Secretary, I know that you thought you were going to get away without discussing in detail citrus, but I suspect---- Secretary Glickman. No, I mentioned it.

CITRUS CANCER

Mr. Boyd. I know you did, and I appreciate that. But I want to remind you and the members--I am going to give you a map, Mr. Secretary, of the southern half of Florida, which is the citrus-producing area of Florida, and tell you that in October of 1995, an Asiatic citrus canker-infected tree was discovered in a backyard residence one-quarter mile from the Miami U.S. International Airport.

The map that you have in front of you outlines the spread of citrus canker from October of 1995 until today, with quarantine and proposed quarantine areas.

[The map outlining the spread of citrus canker was not able to be reduced by printer. The map is retained as part of Committee records.]

As you can see, it is dangerously close to the major commercial citrus-producing areas of Florida, and we are, Mr.

Secretary, in serious, serious jeopardy of losing an \$8.5 billion industry.

Now, how did that happen? It happened because an invasive pest, Asiatic citrus canker, came in through the Miami airport, probably brought by some tourist or some visitor to our country, and this was the origin of this canker. And as you know, the United States Government has responsibility for policing that, and we now find ourselves in the position-- because of the inability of the Federal Government to do that job completely, we now find ourselves in danger of losing a complete industry.

I stood with Governor Bush and Commissioner Bob Crawford in Florida last week, along with the leaders of the State legislature, in which they committed to a \$100 million stepped-up program, which the commissioner says that he can totally eliminate the quarantine and infected areas and eliminate the spread this year. Obviously, the program we have been on has not worked, and that program they estimate is going to cost \$100 million. Traditionally, we have shared that 50/50 with State and Federal matches.

I want to read to you--we had a hearing, Mr. Secretary, about 2 weeks in Florida on invasive pests. Actually, the hearing was chaired by Congressman Pombo, who chairs one of the House Ag subcommittees here which deals with that area. And the testimony of one of the major growers in the southern part of the State I want to read to you, and I quote: ``The introduction and spread of canker was not the growers' fault. It is an unfunded liability of increased trade and travel and of lack of success of U.S. Government interdiction efforts.''

So I guess my question to you, Mr. Secretary, is: One, are you aware of the severity of this problem? Secondly, are you prepared to request and help us with the Federal share of the funding of this problem? And will that be a part of the supplemental request that will be forthcoming to the Congress?

Secretary Glickman. I can't answer the last question, but let me say the first question's answer is yes. We have approved already \$73 million for citrus canker eradication in Florida since 1995, and we have pending at OMB a \$16 million compensation request. For the first time, the President's budget proposes to include \$25 million for citrus canker in Florida instead of emergency spending from the CCC. We know that total eradication, however, is going to cost a lot more money. I am aware of the Governor's letter as well as Bob Crawford's letter. We are attempting to acquire disaster assessment reports from USDA county offices to see if a natural disaster designation is justified, and if so, who will be eligible for producer loans and crop disaster assistance program payments that was authorized by Congress as part of the crop loss situation from last year.

Then, of course, the issue has to do with compensation for producers and whether we can do that. This is a very high priority program, and we cannot let the citrus industry go under. You know, the fact is one tourist can bring in a piece of fruit with an insect that can cause this kind of infestation. So there is no absolute way to prevent this from happening. You do your best under the circumstances. But we are going to work with the State of Florida. I promise you that.

Mr. Boyd. Mr. Chairman, if I might, I won't leave this issue, but I will wind up with this.

Mr. Secretary, you know, we do have some money in the pipeline which you helped us with last year through the 1999 supplemental, then again which Chairman Young and members of this committee helped us with. And, by the way, Chairman Young spoke to me before this hearing and told me that he wanted to express to the committee his serious concern about this whole issue. But it is going to take more than that.

Now, we are looking at about an additional \$30 million on top of what we put in last year, at least \$30 million, for our matching share to fund this program, which we think can push it out, as you see on the map, we can push it south and block the area this year.

So I look forward to working with you on that.

Secretary Glickman. Okay. We will.

Mr. Skeen. Mrs. Emerson.

STATEMENT OF MRS. EMERSON

Mrs. Emerson. Welcome, Mr. Secretary.

Mr. Chairman, I have a statement I would like to submit for the record and some extra questions that I know I am not going to get to in my 5 minutes.

[The information follows:]

Mrs. Emerson. Let me just say thank you so much, Mr. Secretary, for your commitment and dedication to helping our farmers and ranchers all over this country during the past several years, and I have enjoyed working with you for the past three, anyway.

TEMPORARY FSA STAFFING

Mr. Secretary, I have heard some very disturbing news more recently, just in the last few days, actually, with regard to the FSA and the fact that temporary FSA personnel may be laid off sometime within the next couple of weeks. And, obviously, you know as well as I do that workload is as heavy as ever right now, and I can't think of a time when our producers need more help at our county FSA offices.

So I just wanted to get a sense from you of what your intent was with regard to temporary FSA county employees. Do you think there might perhaps be a supplemental funding request to support program delivery at the county offices?

Secretary Glickman. I wonder if Mr. Dewhurst may respond first. Then Mr. Schumacher may have some comments on that.

Mrs. Emerson. Okay.

Mr. Dewhurst. Well, the supplemental money that we already got this year provides for a very high level of temporary employment in the FSA, about 2,000 staff years' worth of temporary employment. We know the workload is heavy. The agency has told us they may need some help, but I have not yet received from the Farm Service Agency the formal request for additional money. We will certainly give it every priority when

we get it.

Secretary Glickman. Mr. Schumacher, do you want to respond.

Mrs. Emerson. That is where you are? You are waiting to----

Secretary Glickman. We have money to protect the permanent employees.

Mrs. Emerson. Right. I know that.

Secretary Glickman. Okay. Of course, we had a high number of temporaries on board to deal with this crop loss assistance program and all the emergency disaster programs, and they were needed. We couldn't have done it without them.

Mrs. Emerson. Right.

Secretary Glickman. We are looking right now at the workload to determine if we need additional money for temporary employees this year.

Mrs. Emerson. Well, just to quote your own statement where you say that workload demands are expected to remain at relatively high levels due to the continuing farm crisis, I would just ask you all to tell us if you need to have additional funding for FSA personnel.

Secretary Glickman. We will.

Mrs. Emerson. I know my producers are in desperate need for help.

Let me move on quickly to another question, and, Mr. Chairman, I want to submit copies of this article from the February 2000 Farm Journal. We have copies. You might want to hand them out.

[The information follows:]

USDA'S NATIONAL APPEALS DIVISION

Mrs. Emerson. The February 2000 edition of Farm Journal contained an article that highlights a fairly disturbing trend at USDA's National Appeals Division and mentions the fact that in 1997 and 1998 the NAD reversed 86 percent of regional hearing officers' decisions that had favored producers over the Department.

And, consequently--well, first of all, have you seen this article?

Secretary Glickman. I did. I read the article.

Mrs. Emerson. What is your response to the situation?

Secretary Glickman. Well, I am concerned about the article, and I have asked for a report on it.

Mrs. Emerson. Okay.

Secretary Glickman. I would say that the folks in the department told me they did not view this as the most objective piece of journalism that was ever written. But saying that, the issues raised--and they have been raised before in the Farm Journal--are ones that require us to look at them.

You have to look at the kinds of cases appealed, and, you know, certainly the overwhelming amount of things handled at the county or State level are not appealed. You know, 95, 98 percent of the things are not appealed at all.

But saying that, I think it is worth us taking a look at this issue.

Mrs. Emerson. Well, I would appreciate it because numbers

are numbers, and, you can take the subjective part out of it and just look at the numbers. And, you know, recently--this impacts my district personally. Recently we had three cotton producers receive favorable rulings from your regional hearing officers, only to have those three cases overturned by the NAD. Not only does that impact those three producers, but, quite frankly, it impacts two to three hundred other producers in my district.

The State office had said we weren't going to make any kind of decision whatsoever until these three appeals were heard. I have to believe that when 86 percent of the appeals go in favor of the Department over the producer, that just sounds a little questionable to me. And I would be very grateful if you all could look into that and give me some sort of a report back.

Secretary Glickman. We will get you a report on this.

Mrs. Emerson. Okay. Thank you.

Mr. Skeen. Ms. Kaptur.

STATEMENT OF MS. KAPTUR

Ms. Kaptur. Yes, Mr. Chairman, I just wanted to also highlight that I very much support the Secretary's initiatives in the area of private lands conservation and habitat, and certainly prime farmland. I am very anxious to receive fuller detail on that from the administration.

BIOENERGY INITIATIVE

Your bioenergy initiative is a very deep concern of mine and the national security of this country to wean ourselves off dependence on foreign fuels. I am concerned, however, on who will be eligible and how that program will actually function. We shouldn't have monopolies running whatever biofuels and bioenergy capacity we build in this country. And I would just encourage the Secretary, who has always had an interest in small business and a number of competitive groups taking part in this to make sure the program is designed that way.

FARMERS' MARKETS

I want to thank you for your initiatives in farmers' markets. Over the years you have been Secretary, you can see the difference this has made across this country. The initiatives that you have in modernizing our whole co-op structure, very supportive of those.

I wanted to just mention a couple points. In the additional commodities that you are shipping abroad in order to try to lift prices here at home, I would hope you would look at soft red wheat. We have been shipping hard wheats, but in our part of the country we have got soft red wheat just backlogged for years. And if there is any way to move any of that, I think those of us on the Great Lakes would be most appreciative.

FARM INCOME PAYMENTS

I wanted to also, if I might, just say a word here about--and I would like to submit for the record information relating

to how our farm income payments have been going out over the last several years. I think in terms of efficiency, we have probably done a good job. In terms of equity, we have not. And we have talked a lot about that here today.

According to the information that I have here--and this is what I wish to submit for the record--40 percent of all AMTA payments, \$2.2 billion, was distributed to five States. And, in fact, five congressional districts received about 20 percent of the funds. And Mr. Hinchey's point, other members that have talked about the equity issues here, relationship to losses, awfully important as we design a program, I know for hog producers in our producers and weather-related losses associated with vegetable production and so forth.

Your effort to try to put this in some type of national framework and look at what is fair to all producers I think would be greatly appreciated, and I think it is true that taxpayers now are paying more to assist farmers with economic losses than they did before freedom to farm was passed.

This is a really, really serious issue, and just for example, in the State of Iowa, as of October 12th of last year, the production flexibility contracts were five times as much as in the State of Ohio. And I am not against Iowa, but it is very interesting to look at the size of the State, the types of production, and what eventually gets the assistance. And yet we have lots of farmers that are in very deep trouble.

So we will submit this for the record, and I just want to urge you on in your efforts to try to create a program that is both efficient as well as equitable.

[The information follows:]

AGRICULTURAL TRADE

Ms. Kaptur. I wanted to just spend a moment, if I might, in this round on the question of the Commonwealth of Independent States, particularly Ukraine, now the most strategic country in Central and Eastern Europe. We had the agreement of the European Union on that, and also Russia. And to express my disappointment and, again, to ask your help if we can find a way to do this, to focus the intelligence of the USDA on the development of agricultural capacity in those two countries. Our programs are a failure as a nation, and I would be willing to defend that position in any forum. I don't think USAID should be left to its own resources. I was very disappointed to see that the FAS office was closed in Kiev and very disappointed to learn today that some of the efforts we had made in Russia to get cooperation with many of our land grants on trying to create the basis of an extension system was disapproved by AID.

I have got to figure out a way to get USDA to be an equal partner in these discussions. If Russia is to be a partner with us and if we are to achieve export markets there for the future, whether it is fertilizers, whether it is tractors, whatever it is, we have got to have a system that functions. And it isn't.

And so I would just say, Mr. Secretary, I would be very

appreciative of the opportunity to figure out why USDA is sidelined in these discussions when your people understand agriculture. You have built the best system, we have built the best system in the world, and yet we can't use some of our knowledge in that very strategic part of the globe.

Secretary Glickman. Well, first of all, let me just say that notwithstanding the problems, without your intervention they would have been much worse. That is to say that, in terms of the food aid packages particularly to Russia, you had a lot to do with ensuring USDA's role, the role of private voluntary organizations, and whatever capacity building was done. It wasn't as much as we would have liked to see. Without your help that wouldn't be there.

I don't know whether Mr. Schumacher might have any comments on the Ukrainian issue.

Mr. Schumacher. No. We had the budget problem overall.

Secretary Glickman. Yes. You know, I take your criticism, constructive criticism, as a challenge to us to try to work in a much more thoughtful way to build capacity in these countries.

Ms. Kaptur. Mr. Chairman, I know my time has expired or almost--no, I have a couple minutes here, or a minute. But I just wanted to say, if there is a way that we could work with you in conjunction with this budget submission, the way I understand it works now is that AID, if they want to do agriculture, gives you some sort of a payment. It comes in the form of a transfer to USDA. I want to understand this, because you are always in a secondary position and you shouldn't be there. And I want to know what I can do in this cycle to make a difference. And I want to look at those two countries in particular.

Secretary Glickman. Okay.

Ms. Kaptur. And we will go to bat for you, but I am very disturbed by what is happening over there, and America cannot lose this struggle. You have more knowledge than those people at USAID, and somehow it doesn't get translated in the budget process.

I thank the chairman for his indulgence.

Mr. Skeen. Mr. Dickey.

Mr. Dickey. Mr. Glickman, before I ask you for several considerations, I want you to know that I have always agreed with you and that I am one of your biggest fans. Do you understand that?

Secretary Glickman. I do.

Mr. Dickey. Okay. [Laughter.]

Before going into the two last points that I had, civil rights discrimination and TMDL, is there a chance that next week we could meet on all of these issues?

Secretary Glickman. Sure.

Mr. Dickey. I could come to you at that point.

Secretary Glickman. We could probably go into greater detail on some of the civil rights issue.

Mr. Dickey. Okay.

Secretary Glickman. We will arrange that. I will come to your office. We will arrange that.

Mr. Dickey. Well, you know, we will be off.

Secretary Glickman. Oh, okay. Well, are you going to be

here?

Mr. Dickey. I will come back.

Secretary Glickman. Okay.

CIVIL RIGHTS DISCRIMINATION

Mr. Dickey. It is that important.

Now, on the civil rights discrimination, finish what you were starting before, if you can. Then I want to get to TMDL.

Secretary Glickman. Well, all I was saying is that it is important to understand that the adjudication is not done by us. The process is court-created. I think your point is about moving this money out as fast as possible.

Mr. Dickey. Wait, excuse me. That is the black farmers' lawsuit. I am talking about--I have sent to you some 1,100 petitioners--a petition signed by 1,100 people, and you all are making an investigation, and my question was: How long is that--how is that investigation going? Are there any preliminary findings?

Secretary Glickman. The Office of Inspector General is part of that review. I think he is going to be before your committee. I don't know if it is tomorrow.

But I would give you a report once I talk to him, which I would be glad to do.

Mr. Dickey. Okay.

Secretary Glickman. I just don't have anything more to tell you about it.

TMDL ISSUE

Mr. Dickey. Then preliminary to our discussion next week, the TMDL issue, you are familiar with it?

Secretary Glickman. I am.

Mr. Dickey. Total maximum daily load.

Secretary Glickman. Yes.

Mr. Dickey. EPA is coming in and doing a lot of things. What is the official position of the USDA on that matter?

Secretary Glickman. I would ask the Deputy to comment. He has been more intimately involved in this issue.

Mr. Rominger. EPA under the Clean Water Act is proposing the TMDL regulation, and there was a letter that went from USDA to EPA that was not cleared by the Secretary. It did express concerns that are legitimate concerns about the proposal, and as a result, we have had a team of people working with EPA this last month or so, getting our concerns resolved. We think that we are making headway in resolving those to the benefit of agriculture. That is where the situation is right now.

Mr. Dickey. Are you including the timber industry as well as agriculture in that?

Mr. Rominger. I think people from the Forest Service have been involved in the discussions, but I am not positive.

BLACK FARMERS' SITUATION

Mr. Dickey. Okay. Now, with the remaining time, Mr. Secretary, let's go back now to the black farmers' situation. It has gone from one post and one pillar--we are just going back and forth and everything else. Is there anything that we

can do as Congress to help in this situation from your vantage point?

Secretary Glickman. Well, in terms of this case, this was a profound, historic settlement of long-time claims of discrimination. I must tell you that I do think the explanation of the process, perhaps by the Department but as much by the plaintiffs' lawyers, was not very clear to the folks who were affected by it.

Mr. Dickey. I agree.

Secretary Glickman. The judge is still actively involved in the case. There has been somewhat of a limitation in terms of what I can publicly say because it has been in Federal court.

Mr. Dickey. You can tell me. I am a Congressman.

[Laughter.]

Secretary Glickman. But, no, I can't tell you anything.

Mr. Skeen. That is why he is not telling.

Secretary Glickman. But we did appoint a monitor, and that monitor's job is to review the fairness of the adjudication process. There have been allegations, particularly in your State, by a lot of farmers that it wasn't fair, that they didn't know--certain documents weren't included. So tomorrow, or sometime this week, I think it is, the Federal judge is going to meet with all the parties to the case to talk about these particular concerns.

Mr. Dickey. Are you going to be in that meeting?

Secretary Glickman. No, I am not in that meeting. Our general counsel will be in that meeting. But he is well aware of the issues that you have raised.

But, again, I point out that we have paid out nearly 2,000 claims to date, and we are going to try to move this process as quickly as possible.

I must tell you that not every claim is going to be handled affirmatively, and that has caused great disappointment out there.

Mr. Dickey. Well, the problem, though, is, as we investigate those claims and you are finding some fraud and some abuse, you are seeming to put the whole cover over the rest of them, and that is what is holding it back.

Secretary Glickman. No, actually, that is not true. There may be some fraud, and there are also some people who just aren't eligible.

The approval process is running about 60 percent approval, 40 percent disapproval, and I think over the next 6 to 8 weeks you are going to see these checks going out much faster than they have been in the past.

Mr. Dickey. We will include this----

Secretary Glickman. Those who are disapproved can appeal to the monitor.

Mr. Dickey. Right. Then we can talk about this next week. Thank you for your consideration.

Secretary Glickman. Sure.

Mr. Skeen. Mr. Boyd.

Mr. Boyd. Thank you, Mr. Chairman.

DISASTER ASSISTANCE

Mr. Secretary, on January 10th, a letter came from several

members of the Florida delegation, including Chairman Bill Young, Senator Mack, Senator Graham, myself, and some others on the--let me get my notes here--disaster assistance related to Hurricane Irene. In that statutory language, it spoke specifically to nursery crops in Florida and other crops in--certain specialty crops in Florida that were damaged and destroyed by Hurricane Irene.

Secretary Glickman. Yes.

Mr. Boyd. And there has been some confusion in your Department about how to distribute that money and who is eligible and who isn't. And we wrote you on January the 10th asking for a clarification about when that would be----

[The letter follows:]

Secretary Glickman. Have you not heard back yet?

Mr. Boyd. Have not heard back yet, have not received a letter.

Secretary Glickman. I asked Mr. Schumacher's office to respond. The part of the crop loss assistance program we are talking about?

Mr. Boyd. Right.

Secretary Glickman. Yes.

Mr. Schumacher. Congressman, this is complicated, but I will be brief. Irene hit October 15th last year, and this has to do with the ornamental nursery? Is that the main question?

Mr. Boyd. Yes, sir.

Mr. Schumacher. And the letter you sent dealt with that. We will get a response to you.

The legislation is pretty clear that those crops affected in 1999 would be eligible for last year's disaster program. We now call it the crop disaster program. The hurricane hit on October 15th. That was after the crop year ended. Then it becomes the definition of what a nursery crop is and when that was in inventory. That is what we are still looking at, and we haven't finalized it yet. We are leaning towards a decision that it will not be eligible under the definition of the 1999 crop. We are still working with our lawyers on it. We are going to give it further consideration.

Secretary Glickman. I want to make it clear--wait a second. October 15, 1999, was after--was there a deadline in the crop loss----

DISASTER ASSISTANCE

Mr. Boyd. Mr. Secretary, let me try to answer that. I think there has been an arbitrary date set in your shop somewhere about what the crop year is for the nursery, and there is no such date in practicality. You know, nursery crops are grown, basically grown and marketed in lots of cases year round. And so I would say to you that if that is the reason that we are holding this up, what I would like for you and Mr. Schumacher to do is look at that very seriously and see if we can't resolve it, because we don't believe that that is an appropriate thing to do, to disallow those folks to be eligible because you arbitrarily set a date for a crop year that doesn't

apply.

Secretary Glickman. Okay.

Mr Schumacher. We will look at it again. We haven't made a final decision on this, Congressman. We hear you loud and clear.

Mr. Boyd. Thank you very much.

WIC PROGRAM

I will shift gears here just briefly. I had a visit from some folks that administer a program that comes through your shop, WIC.

Secretary Glickman. Yes.

Mr. Boyd. And we were having a chance to look at some numbers, and we actually noticed that the clientele nationwide is down, which is really a good thing because I understand there is no squabble about criteria or eligibility. So when your clientele goes down from that kind of program, it is a positive thing.

One of the things that they did say to me, though, is that with welfare reform being implemented so successfully across the Nation, much of their clientele that was not working now is in the workplace. And they are having trouble from an administrative standpoint, from a public outreach education standpoint, of identifying and locating those who are eligible. And they were making a pitch for additional money in that small segment of that budget which doesn't go to purchase commodities, but it goes to administration, outreach, client services, those kinds of things.

Would you care to address that? Are you knowledgeable enough to address it at this point in time?

Secretary Glickman. I am not. I don't know if Mr. Dewhurst knows.

Mr. Dewhurst. The only thing I can say is that the administration believes that even in the current economy there are probably 7.3, 7.4 million people on average that can qualify for this program. The numbers have been coming down. The number is now under 7.2 million people. So it raises some questions about how good an outreach job we are doing. That is something we have just got to do better.

Mr. Boyd. Do you have any information that it is more difficult to reach those now because of the improved economy and the unemployment down? That means that more of those people who are eligible for that, more of those potential clients are in the workplace and obviously wouldn't be served by normal working hours. You know, these folks who are administrators in your shop were saying, look, we need to be open in the evening, for instance, in places and we don't have the funds to do it.

Secretary Glickman. I can tell you that on the food stamp side of the picture, I think there is general belief that there are an awful lot of people who are not being served by the food stamp program who are eligible. There may be many reasons for this. It may be confusion about welfare reform. It may be discouragement from certain people involved in the administration of the program. There may be language problems. We do have money for an outreach program in the food stamp area. So we will talk to our WIC people to see if there is

something we can do in that area.

Mr. Boyd. Thank you very much, Mr. Chairman.

Mr. Skeen. Mr. Nethercutt.

Mr. Nethercutt. Thank you, Mr. Chairman.

ENVIRONMENTAL TERRORISM

Mr. Secretary, I think we face an increasing problem in this country with environmental terrorism. The idea that extremists will come into a lab and rip up plants, I think it just happened in Michigan.

Out in my district, Washington State University, is performing tremendous research, and literally the new animal disease biotechnology facility has to have armed guards at the door to keep who knows who out from coming in and ripping up plants and so forth in the name of environmental protection against genetically modified organisms.

Vail, Colorado, had the burning of the facility there a couple of years ago, and I am wondering what your administration--what your Department, I should say, is thinking or looking at relative to combating this. I think we need to be thoughtful about it.

I met with my universities, as a lot of research is done out in the West. We are considering a potential policy implementation that would look at some security measures, try to figure out what is the best security for these facilities that are paid for by the taxpayers and by well-designing researchers and scientists. I am wondering what your thoughts are on this subject.

Secretary Glickman. It is interesting that you should say that. I was out at Iowa State where we have a lot of our level three labs. They do their best but the security could be improved. We are looking at all of our facilities to try to do what we can to protect them. The most famous, of course, is the Plum Island facility but we have a lot of facilities around the country that need protection.

I am very worried about this. I see it in the whole effort on genetically engineered products where you have an awful lot of people that, for whatever reason, don't think it is the right thing to do and decide to take the law into their own hands. It is an extremely great concern of ours.

We also have been very involved in the whole bio-terrorism issue in terms of an interagency process. We have increased our staff to deal with some of these issues as well.

I also know that the Justice Department is taking a much more engaged role.

Mr. Nethercutt. That is good. I just wanted to be sure. I assumed you were involved but wasn't sure to what extent.

NATIVE AMERICAN FOOD PROGRAM

A couple of years ago or maybe last year I raised the question about the commodity programs that come through USDA for Native Americans and the quality and type of food that has the likelihood of increasing the incidence of diabetes among Native American populations.

Have you done anything more in that respect? In other

words, the cheese and dairy commodities are a wonderful gesture but maybe for the population that is highly susceptible to diabetes it may be we ought to be providing some other commodities.

Secretary Glickman. Well, Shirley Watkins, our Under Secretary, has made some changes in those commodity programs. I just have to get back with you to tell you.

CRP BUDGET

Mr. Nethercutt. That is fine. I just wanted to be sure that it is a concern of mine.

The third thing--then I will finish--the President's budget is requesting to increase the number of CRP acres from 36.4 to 40 million acres. This is a good program. We use it extensively out west. I dealt with your offices on the whole subject of CRP in the past but what we are seeing is the bid price being accepted on some of these whole-farm CRP bids are about double the cash rent that the working young farmer can get or give.

I am wondering if you are thinking about the consequences of the CRP acres approach that you are taking as it relates to our desire to have farmers be able to stay on the ground. When you put the ground in CRP that upsets rural communities, the seed man, the fertilizer company and the rest. It has a negative impact on the other side for the true agriculture economy and the consumer.

Secretary Glickman. There is a constant tension between people who have an interest in the inputs in agriculture versus a lot of producer groups who see the CRP as an important part of total asset management vis-a-vis the environmental groups who see this as an important way to preserve soil and land. But perhaps Mr. Collins may comment on the issue of how much the bid price is.

Mr. Collins. Yes. I would just comment on the rental rates. It is an issue that we spent a tremendous amount of time working on, to try and ensure that we are not accepting bids that exceed local rental rates. We have quite a process where we take surveys of local rental rates through our National Agricultural Statistic Service and we take surveys through our Farm Service Agency County Offices. We have a committee that puts all that data together and looks at the data to ensure that we are not excessive on the CRP rental rates.

The one area you may be focusing on is the rental rates under the Conservation Reserve Enhancement programs which have been higher than average local rental rates. Part of the reason for that is that we have been bidding in, in many instances, water quality areas, partial fields, land that has higher costs for the producer to put into the CREP program. We have had a difficult time trying to establish the right rental rate under those programs. In most cases we worked with the States because the State cost shares on the CREP programs.

Mr. Nethercutt. I understand.

Mr. Collins. But we have worked with the States to do that.

Mr. Nethercutt. This is not CREP.

This is CRP. In fact, I had a phone call this morning where a farmer is going to bid in at \$93 an acre on----

Secretary Glickman. Normal CRP.

Yes, normal CRP on land that normally rents for \$50 an acre. That is the problem.

Mr. Collins. Well, he may have bid in the most recent bid round but we haven't selected those bids yet.

Mr. Nethercutt. I understand.

Mr. Collins. So, we may not select that bid.

Mr. Nethercutt. I understand. But this is something to really watch, because we want highly erodible land in CRP but not land that is going to destroy the young farmer and take productive land out of production.

Thank you, Mr. Chairman.

Chairman Skeen. Mr. Hinchey.

Mr. Hinchey. Thank you, Mr. Chairman.

CROP PRODUCTION INSURANCE

We started to get into the issue of crop production insurance last time. You noted in your testimony that it is rapidly becoming one of the prime sources of crop protection and that the program operates on an actuarially sound basis. But the premiums, of course, have got to be subsidized, and there is a question as to whether farmers would buy the coverage if it weren't for the heavy premium subsidization. It seems that it is very likely that they would not, they wouldn't regard it as an economically sound investment if they had to pay the un-subsidized price.

That raises a couple of questions in my mind. There seems to be no real incentive for the insurance companies to keep the costs down because of the very substantial subsidy. And, second, crop insurance doesn't compensate the growers of specialty crops that we talked about before. They are left out of the mix. The cost of the program is pretty expensive. Last year it was almost \$2 billion; this year it is up around \$2.168. It goes in 2001 to \$2.237 billion. These sums are in addition to the \$16 billion for disaster and price-related losses in the supplemental appropriations that we have passed during the past two years.

So, the question arises in my mind that, maybe it is not even necessary. Maybe we ought not to be bothering with this program since it is costing us more than \$2 billion and that price will only accelerate. I know that you recognize the need for reform and you want to do something about it. I wonder what we should do? Perhaps we should consider just scrapping that?

Secretary Glickman. No, I don't think so. I think that it would wipe out lots of farmers. I believe tens of thousands of farmers could not survive without crop insurance. Now, saying that, the statute requires that I have to run the program in an actuarially sound fashion. So, that is one of the reasons why the subsidies from the government keep growing because the pay-outs also keep growing and I have to keep these things in a relative equilibrium.

It is true that the program has not worked as well for some of the nontraditional program crops, specialty crops, because there have not been the histories there. And we have got to make those crops as attractive to ensure as some of the traditional crops. Mr. Schumacher's shop is working aggressively on that.

It is also true that the oversight of the private insurance

industry needs to be exquisitely good. The GAO, as well as our IG, have done reports in the past which indicates that they haven't been as frugal as they should have been in actually managing the program. And, as you know under the statute, they basically operate the program.

We don't sell insurance. They do it.

CROP PRODUCTION INSURANCE

Mr. Hinchey. They do it but you provide the subsidy.

Secretary Glickman. We provide the subsidy. Taxpayers provide the subsidy. Gus, why don't you talk a little bit about what we have been trying to do to add products----

Mr. Schumacher. Very briefly, we have worked very hard because again on the West Coast and East Coast it hasn't worked perhaps as well as many of us would like. For example, let us take apples, a major crop in your State. We have been counseled by members of this committee that it has not worked as well.

We put a task force together. I would like to work with you and Mr. Walsh to give you the results of that effort. We are going to make that work much better in this coming year. We have issues in your State on onions, and also on silage. The October 1st eligibility date, was not good enough for your corn silage crop, so we extended it to October 15th.

So, we are working very hard. The whole farm concept, I think, will be much more helpful to the mixed agriculture, particularly for New York State.

Secretary Glickman. If I may just add one other point. We have recommended lowering the expense reimbursement for the companies before and quite honestly that has not been viewed with favor by members of the Congress and even members of this committee.

Mr. Hinchey. Okay. I think that is an interesting subject and it is one that I think deserves some additional attention because it is a very costly program, and because of questions about the general efficacy of it. How effective is it? How well does it work? And the central issue that if it were not for the heavy subsidy, this is a program that couldn't support itself.

Secretary Glickman. Well, that is probably true but on the other hand the vagaries of agriculture are so speculative I don't think you could ever operate an insurance program in agriculture without having a heavy subsidy. There is no other business that is so totally dependent upon the Lord and the weather and unpredictable things. So, I think you are always going to have a government input into the cost of crop insurance.

AD HOC DISASTER RELIEF

Mr. Hinchey. We have ad hoc disaster relief.

Secretary Glickman. Otherwise the alternative is what we have had in the past. Ad hoc disaster legislation. Every year Congress will just provide \$2 or \$3 or \$4 billion which would be probably more expensive. This way at least with insurance there is a little more predictability of what kind of payment there will be out there.

Mr. Hinchey. And producers pay \$800 million in premiums.

Secretary Glickman. Producers also pay a lot of money. This is not just a freebie to them. In fact, many of them think it is too expensive for them.

Mr. Hinchey. Farmers?

Secretary Glickman. Farmers. Oh, yes.

Mr. Hinchey. Oh, I know. I know they do. They think it is too expensive.

Am I out of time?

Chairman Skeen. Yes.

Mr. Hinchey. Thank you.

Chairman Skeen. Mr. Walsh.

Mr. Walsh. Thank you, Mr. Chairman.

CROP INSURANCE

I associate myself with the remarks of my colleague from New York. I, having served on the Ag Committee and now Ag Approps, felt for a long time that we ought to fish or cut bait with this crop insurance program because we do both. We do crop insurance and we subsidize it and we do disaster relief. And I know one thing for sure, we will always respond to agriculture disasters. I am not sure if we will always subsidize crop insurance, for what it is worth.

HAZARD ANALYSIS CRITICAL CONTROL POINT

Onto the issue of HACCP. You mentioned at the outset that HACCP has resulted in a 50 percent reduction in salmonella.

Secretary Glickman. Well, there has been a 50 percent reduction.

Mr. Walsh. Well, we will give you credit.

Secretary Glickman. Well, okay, we will take it. Thanks.

Mr. Walsh. I think it is great news. I do. And as you know I worked very closely with you in the implementation of this. There were lots of questions on the industry side about it. And we had agreed to sort of a roundtable process whereby everybody would be educated and buy-in and it worked pretty well.

So, the concern that I have remaining on this is that the idea, as I understood it, was to put in a scientific process and eliminate the sight, touch, smell aspects of meat inspection because it was not terribly scientific. It relied upon the experience of the inspectors and a little bit of luck and so on and so forth. But HACCP was a scientific approach.

It is my understanding that we have not progressed terribly far on reducing the other layers of this process.

Secretary Glickman. Let me say a couple of things. Number one, I think you are always going to need a significant human presence. Inspectors may be doing different things, however. They won't always be touching, feeling, smelling, those kinds of things but they will be involved in reviewing test data. They will be involved in oversight type of functions.

Now, I will be honest with you, the labor relations within the Food Safety and Inspection Service has probably not at this stage reached the level of harmony that we would like to see. HACCP involves a lot of changes, as you can imagine, and there is a long history of these seeing, smelling, touching functions.

What we have told our employees is that we are not talking about reducing the work force, however, some things will change. They will not be doing exactly the same things. We have got a real special responsibility to communicate well and bring them into this thing.

But I am not telling you it has been without problems because we have had some problems.

Mr. Walsh. So, it is not happening the way you had envisioned.

Secretary Glickman. No. Certainly not as quickly but it is happening. But there are problem areas.

HACCP

Mr. Walsh. Well, it is my understanding now there is a proposal from USDA to the States to allow them to ship meat across State lines from State inspection facilities, State-sponsored licensed inspection facilities, if they subscribe to HACCP.

Secretary Glickman. That is in proposed legislation. Yes. It is not a regulatory thing. It is a bill.

Mr. Walsh. All right. So, it is not your proposal?

Secretary Glickman. It is our proposal.

Mr. Walsh. It is a legislative initiative.

Secretary Glickman. Right.

Mr. Walsh. Well, I----

Secretary Glickman. Well, that is our proposal. It is a legislative proposal.

Mr. Walsh. All right. It is your idea; Senator Daschle is going to introduce it.

Secretary Glickman. There is a lot of congressional interest in State inspected product moving.

Mr. Walsh. Yes. I would suspect there is but why would you open up a whole new area of meat inspection to this process when it hasn't been fully implemented at the Federal level?

Secretary Glickman. Well, there is an enormous amount of small, niche-marketed facilities, meat and poultry facilities around the country that would like to go down this road and there is tremendous interest in the industry, as well as among members of Congress and various States. We have actually resisted this until the last year or two and we have been kind of argued as blocking something that needs to be done. But what we are trying to do is to ensure that if it happens and it happens with respect to basically smaller operations they would have to meet our HACCP requirements.

Mr. Walsh. So, you are saying this is processor-initiated?

Secretary Glickman. Well, I don't know if I would call it processor-initiated. Really the State Commissioners of Agriculture is where most of this came from. They have asked for us to do this. In fact, the Ohio Commissioner of Agricultural has been kind of a leader of this effort.

Mr. Walsh. Well, I would urge some caution with implementing a plan at another level of government that hasn't really been fully implemented. I mean the salmonella problems, if those problems are just not anecdotal and it is real, then that is great. But I think we need to make sure that what we have implemented at the Federal level is doing what we thought

and is not adding additional costs on the industry and the consumer.

Thank you.

Chairman Skeen. Mr. Farr.

Mr. Farr. Thank you, Mr. Chairman.

FREEDOM TO FARM ACT

I have a couple of other questions. Following-up on Mr. Hinchey's question about the Freedom to Farm Act. I mean what I heard you say is that we really ought to just start all over and base it totally on income for farmers, regardless of what commodities, income for a whole year.

Secretary Glickman. Well, I haven't made that formal proposal but I think that the concept of basing a farm program on income rather than on price of a specific commodity is one that I think we all ought to take a serious look at. Farmers raise a lot of things and particularly with the amount of livestock that is grown in this country that is basically uncovered or uninsured, I think it is a new way of looking at farm policy.

Mr. Farr. Well, I am very interested in that. If there is anybody in your department that is working on it, I would love information. It seems to me that if we are going to have a credible farm policy going into this new era of where people are actually trying to grow specialty crops and high-value crops and all kinds, I mean the market is changing so rapidly in agriculture, we are growing crops that we never knew we would be growing 20 years, 10 years ago, 5 years ago--that we need to re-look at this on a basis of equity and fairness. And it seems to me that is the best program that I have heard since I have been here and, so, I am interested.

EXPANDING OVERSEAS MARKETS

I am also interested in your comments about expanding overseas markets. I agree with you, that is a big push. Are we going to include specialty crops in that?

Secretary Glickman. Yes.

Mr. Farr. As I recall when you briefed us on the Asian crisis and the ability for us to loan money to foreign purchasers as long as they bought U.S. commodities, in that list of things you could buy none of the specialty crops--I mean the program was available for specialty crops or people didn't know we hadn't done outreach. Is that changing?

Mr. Schumacher. Let me just address that in two parts. In the President's budget we have asked for any unused EEP balances to be used for trade promotion. We asked for that a year ago, and we didn't get it. But this time we very much would like the committee to seriously consider it and pass it because not only would it promote tremendous amounts of specialty crops overseas but also if we get China NTR, we are going to need additional funds to promote those West Coast products in the China market. This is a very important issue for us in USDA.

On the specialty crops, we do permit those to be exported under the GSM credit program and through other trade promotion

efforts. Those are permitted and we do provide assistance, I believe.

Mr. Farr. Can you keep our office posted on--we don't always know what all the committees and other branches, and other houses are doing. We would like to support that strongly.

Secretary Glickman. China NTR or the GSM?

Mr. Farr. Well, we haven't made our mind up on China NTR yet.

Secretary Glickman. We will take any opportunity here to support it.

Mr. Farr. But we certainly want to sell wherever we can.

Secretary Glickman. Okay. Thank you, sir.

PIERCE'S DISEASE

Mr. Farr. Pierce's disease. Are we doing everything--the feeling is we are not doing everything we should be doing.

Secretary Glickman. Dr. Siddiqui is involved with this----

Mr. Farr. We know how serious it is. I mean really it could wipe out the wine crop in America.

Mr. Rominger. I was down in Temecula and looked at the situation down there with the glassy-wing sharpshooter about three weeks ago. It is a serious problem. As a result of that trip we have put together a task force in the Agricultural Research Service, to begin working with the State, with the University and looking for more ways to help those growers to stem the spread of the glassy-wing sharpshooter. We know we have got Pierce's disease all over the State already, but we are looking for ways to try and prevent that sharpshooter from spreading the disease like it has in Temecula.

Mr. Farr. Do you think, in your opinion, do we have enough resources to do that?

I mean the State is putting some money in and we are----

Mr. Rominger. We provided some year-end money last year to work on it. We are, as I say, sending people--we are taking people from ARS and sending them down there. They have not at this point asked us for more funding.

Mr. Farr. Which I think would be very important to kind of do a newsletter on this. We can circulate it with the delegations and with members that have wine/grape crops in their districts. Because it is the most often-asked question and people really don't--they know something is being done but not specifically.

Mr. Rominger. Okay.

EXOTIC PEST DISEASE CENTER

Mr. Farr. And then did Chancellor Rohrbach from the University of California, Riverside, talk to you about the exotic pest disease center that they want to build?

Mr. Rominger. They are building it. Yes. It is under construction. The Chancellor was with me on the visit to Temecula and we also took a look at the exotic pest center.

Mr. Farr. Well, he has asked us to put \$10 million or some figure like that in the budget and if it is something that you think should be supported, I would be very supportive of it also.

Mr. Rominger. Okay. We will get back to you on that.
[The information follows:]

Background on Alternative Pest Control Containment & Quarantine Facility--Riverside, CA: The total cost for this facility is estimated to be \$38 million, with the proposed Federal share of \$18 million and the non-Federal share of \$20 million. To date, a total of \$10.8 million in Federal funds has been appropriated for this project. The University has requested an additional \$7.2 million to complete the project. FY 1997 was the last year Congress appropriated funds for the CSREES Building and Facilities Program. The recipients of these funds have until September 30, 2000, to obtain alternative funding to complete the facility. Without additional funding, the University will have to scale back the construction of biosafety level 3 facility.

RURAL DEVELOPMENT

Mr. Farr. Just something when I was reading your report, have you ever thought about--we have got all these sort of rural services and telephone and water, rural development, you know, rural housing loans. Have we ever leveraged? I mean we got all these Internet people coming in here where, you know, this industry is just making billions of dollars and they are in there, and the Federal Government is regulating them. Why don't we require them to, through satellite stuff, just to solve these rural communication problems as part of their requirement to get licensed or to get things done?

It seems to me we give them, you know, how the industry has taken off, we are going to all--they say that all the phones pretty soon are all going to be satellite connected and we won't need hardwires. Why don't we require them to take care of the rural problems of America?

Secretary Glickman. Well, you know, the President is looking at ways to deal with the digital divide in a lot of different ways. One of them is leveraging our rural electric and rural utilities portfolio which is up over \$30 billion. And in fact, there is some leveraging going on. But if you are talking about leveraging in terms of let us say, requiring them to do certain things in order to get access into the Internet or access into perhaps--

Mr. Farr. Well, let us expand the community reinvestment policy that we have for banks and think about that more. You know, that is reinvestment back into the community where the branch offices are. But a sense of a community reinvestment in rural America.

Secretary Glickman. If I am not mistaken this has been a legislative issue for some time, whether there ought to be some sort of either set aside or requirement for service of rural America.

Mr. Rominger. Universal service.

Secretary Glickman. Universal service issues. It is clear that there is no reason that rural America shouldn't be on a parity with urban America in terms of these services.

Mr. Farr. My impression is that here in Congress all that gets sort of debated in the Commerce Committee and they have no

idea that the Department of Agriculture has all of these programs going on. I mean there--as you once said--it is a hold-over from when all America was rural.

Secretary Glickman. Yes.

Mr. Farr. And we still have these exciting services out there but they don't get the attention they ought to get because other departments have all the jurisdiction and have all the money.

Chairman Skeen. I am going to have to call the General.

Mr. Farr. Okay.

Chairman Skeen. Thank you very much.

I would like to recognize Ms. Kaptur, but first, I want to thank her for the kind gift that she presented us with.

Ms. Kaptur. You are most welcome, Mr. Chairman.

Chairman Skeen. I appreciate that very much.

Ms. Kaptur. That is Ohio-grown and processed.

You got one in your office today; it is a surprise. You are most welcome.

INTRODUCTION OF MR. RALPH HALSTEP

I wanted to use my prerogative as ranking member, Mr. Chairman, to introduce someone who is in the audience today for whom I have the greatest admiration and respect. Someone who headed one of the major companies of our country that was known as Land-O-Lakes, and could be sunning himself on a beautiful beach down in Florida next to a golf course but he is choosing to spend his years at this point in working as President of the Russian Farm Community Project and to my knowledge is doing the kind of work that is rare inside that country and which is proving to be successful. And I just have the greatest respect for Mr. Ralph Halsted from the State of Minnesota. I am going to ask him to stand up because I think his name should be in the record.

[Applause.]

Ms. Kaptur. One of the joys of this job is to meet Americans of that caliber and I have learned a great deal from him and I am sure that the lives that he is changing in Russia, the families and the people and the enterprises that he is developing is going to help turn that country around. I wish I could see it in my generation but I think it might take a little bit longer than that, but he is planting those seeds. I am just completely impressed.

SCREW WORM FACILITY

I wanted to switch to a different part of the world, Mr. Secretary, to Chiapas in Mexico and we have talked on this committee under APHIS about the screw worm facility that is down there. And we know the desire of all the scientists and so forth to move it south to Panama and I have no quarter, I have no problem with that and of maintaining the security for our animals here.

But my question goes to whether or not you, as Secretary, and a key figure in this administration can somehow work with this committee as opposed to just transitioning the workers that will be left behind in Chiapas, in a very tender and revolution-prone area, to see if we can't--and since the

problems there are deeply rooted in agriculture--if we couldn't use our wherewithal to help the people there to begin to grow crops that would make a difference in their lives, maybe coffee, maybe tropical fruits?

We had talked with a Dr. Enrique Figueroa----

Secretary Glickman. Yes.

Ms. Kaptur [continuing]. Who is now with marketing and regulatory and he had some rather creative thoughts on this. As I read the budget submission I read the typical sort of well, you know, we got to move the facility and so forth. It seems to me with the Inter-American Development Bank, with AND Bank, with the World Bank, with all the people we have in position America might be able to do a little bit better understanding the pressures there, and maybe we actually could help contribute to the betterment of the economic condition of some of the people there.

Do you think there is any possibility that the Department of Agriculture could work with interested members of Congress on that?

Secretary Glickman. The whole concept is extremely important in terms of the eradication effort but I would be glad to work with you on it. Dr. Figueroa is a very key person in this regard. He is our Deputy Under Secretary for this area.

Ms. Kaptur. I would ask you, Mr. Secretary, for a meeting on that subject. This is a very complicated matter and I know Chairman Skeen has an interest in the science of it, as well. But I think America can really do something there but it is going to take more than the Department of Agriculture but you are a critical partner.

SEED SALE TO RUSSIA

The second point I wanted to raise relates to a seed sale to Russia that is under consideration by your department. And one of the proposals that had come on the table was to find a way to make some of that seed available to ordinary dacha owners and families.

The seed sale that occurred last year went through the traditional agri-firms and so forth. I am wondering if you have given any thought to resurrecting the proposal that would make seed available from the people of the United States to ordinary families in Russia and do you think there is a way to make some of this available in that manner?

Mr. Schumacher. We discussed this, you and I, extensively. We looked at it very, very hard and found that the cost of doing that was very, very high. So, it was decided that we would not be able to do it this year. I am still looking at it to see if we cannot find another way of doing it. But at the current time, apparently, the cost is very high in terms of the kind of modernization effort that was contemplated. I was disappointed. I thought we could do it, but apparently we are not able to do it at this time this year.

Ms. Kaptur. Well, one of the unfortunate aspects of past assistance to Russia is this Government has supported the old system. We have not built the new system--certainly, in agriculture. And I would just ask, Mr. Secretary, your personal interest in this matter before any--and the planting season is

upon us--but I really think that we have to look to the bottom and not working through some of the organizations that are notorious for diverting revenues. And I just think we have to put more intelligence around the table. I have complete respect for Mr. Schumacher, but it is not only in his hands here. The seed is needed, but there ought to be a way to do this in a more humane way and one which strengthens a civil society, as opposed to the old agri-firms that still do plenty of business inside that country. And I would very much, again, on this subject, welcome the opportunity to do look at it more in depth.

Thank you.

Mr. Skeen. Mr. Dickey?

Mr. Dickey. Mr. Glickman, I do not know if I have said this before, but I have agreed with you and everything you have ever done, and I am one of your biggest fans. Do you understand that?

Secretary Glickman. I sure do.

Mr. Skeen. I would be very careful about what comes next.

[Laughter.]

Secretary Glickman. There would not be a b-u-t after that?

BLACK FARMERS' SITUATION

Mr. Dickey. Black farmers, again. Two things that they have expressed concern over is, one, there is no explanation as to why the delays have been, and you might not be able to answer that and, two, if it has been this complicated to get the checks to them, how in the world are they going to get the opportunity to buy from inventory as the consent decree provides? Can you give me any help in either one of those areas?

Secretary Glickman. I cannot now. Again, we have paid out about \$90 million in the last couple of months, and I expect that to be accelerated. Again, somebody outside of the Department is making the decisions. So on the second part of it, I would have to look at it a little more deeply and get back with you.

Mr. Dickey. Well, I hope we can. Now, who is the scheduler? Who do we get in touch with as far as next week?

Secretary Glickman. John Gibson.

Mr. Dickey. John Gibson. Okay. I have got to run and catch a plane. I am just concerned about the inventory, the opportunity they have to buy from inventory is another part of it.

Secretary Glickman. That is largely in Mr. Schumacher's shop, the Farm Service Agency, that would be responsible for that.

Mr. Dickey. Can he be with us at the meeting?

Secretary Glickman. Yes.

Mr. Dickey. Good. Thank you. Thank you, Dan.

Thank you, Mr. Chairman.

Mr. Skeen. Mr. Hinchey.

Mr. Hinchey. Thank you, Mr. Chairman.

RURAL DEVELOPMENT PROGRAM

Mr. Secretary, as you know, at least half of the poverty in America is in rural areas, at least half of the substandard housing in America is in rural areas. That is why your rural development program is so important.

Secretary Glickman. Yes.

Mr. Hinchey. And I commend you for your commitment to it and the work that has been done under your administration in that area; most recently, your participation in the President's Livable Communities Program, and prior to that, the development of the Rural Economic Area Partnerships, the REAP zones.

Secretary Glickman. Yes.

RURAL ECONOMIC AREA PARTNERSHIPS

Mr. Hinchey. But I am very confused, in looking at the budget, because I find that all reference to funding for the Rural Economic Area Partnerships has been deleted. There are five places in the 2001 budget where the words, and I quote, ``. . . and areas designated by the Secretary as Rural Economic Area Partnerships'' were deleted. So someone has made a specific and purposeful effort at eliminating the Rural Economic Area Partnerships from the set-asides for EZs and ECs this is completely inexplicable to me, particularly in view of your long-term and strong commitment to those issues.

Secretary Glickman. Let me say I have been a strong supporter of this. I do not know, Mr. Dewhurst, do you have any thoughts or do we need to get back with them as quickly as possible?

Mr. Dewhurst. Well, I think, to be fair to you, we need to get back to you. The REAP zones are eligible for a number of USDA programs. But you are right, we do not have targeted funds in the budget for those zones. So let us give you a more complete answer to your question.

[The information follows:]

The Agriculture Appropriation Act for 2000 included language specifying that Rural Economic Area Partnership (REAP) zones, along with Empowerment Zones and Enterprise Communities (EZ/EC), are eligible for certain portions of the funding for various rural development programs. The President's budget for 2001 includes language that mentions only the EZ/EC's. However, this change was not intended to exclude the REAP zones. As in prior years, the Department has worked with the REAP zones as if they were part of the EZ/EC initiative and has not considered it necessary to have specific appropriation language to achieve that end. For 2001, the Department fully intends for the REAP zones to share in the rural development program funding earmarked for the EZ/EC initiative.

Mr. Hinchey. Specifically, I would ask you to look at the fact that they have been deleted from the set-asides and it just does not make any sense. Either this is a mistake or there is some----

Secretary Glickman. We will check it out. We will get back to you.

Mr. Hinchey [continuing]. Fifth column movement operating in the Agency.

Secretary Glickman. I doubt that. Usually, the conspiracies are not as you think they are. But we will find out why. Because I know that we provided REAP zones in New York, for example, with some money last year.

Mr. Hinchey. Absolutely.

Secretary Glickman. In fact, we talked about it when I was in your district, I think, as well. So we will find out why it was not included.

Mr. Hinchey. Very true, yes. I appreciate that. Thank you very much.

USDA STAFFING

If I have another minute or two, I would just like to express a concern about staffing. I know that this Administration made a real effort at reforming Government, and cutting back on waste. A lot of that was connected with the budget resolution of 1993, which you voted for, Mr. Secretary, I know.

Secretary Glickman. Correct.

Mr. Hinchey. And a lot of that has been good. But we are finding that in the county offices, particularly, the workload is increasing, and the number of people available to accomplish the objectives and purposes, all of which are very good, is declining. We are getting to a crunch situation, if we have not already passed it.

You said in your testimony that the higher workload is projected to continue into 2001. But there is no provision in the budget for salaries and expenses higher than last year. Staff has declined by about 6,000 positions since 1993. This year's budget proposes funding to support 16,667 staff years. We have another 500 or so positions that are being eliminated, mostly by attrition, I assume.

Secretary Glickman. Sixteen thousand all across the board or which agency are you referring to?

FSA TEMPORARY STAFFING

Mr. Hinchey. Proposes funding to support, that is FSA.

Secretary Glickman. FSA, yes.

Mr. Hinchey. FSA, yes.

Secretary Glickman. We are down because the temporaries are down. We have protected the permanent employees. So there was no reduction there. But you are correct, we are down in terms of the numbers of temporaries we brought on, largely because of the disaster program. That is accurate. We will work with you on that. The fact is the workload has not gone down. I agree with you.

I would say, overall, the Department's staff years has gone up this year. We are up by about 2 percent, but we are down 14 percent since 1993. We are up this year some in Rural Development, some in NRCS because of all of the conservation technical assistance programs, and some in APHIS, but FSA is flat.

Mr. Hinchey. And the FSA operation in New York has lost 32 positions in the last five years. So the workload there has gone up, but the people available to do it has gone down, and

it is creating some difficult situations. So I think this is something that we just have to look at, and be aware of and try to deal with it as best we can.

Mr. Skeen. Mr. Boyd.

Mr. Boyd. Thank you, Mr. Chairman.

APHIS BUDGET

I want to just briefly go back to one area, and that is part of the APHIS budget, Mr. Secretary, and reemphasize that this, the trade policy, open-market policy that we all know is a good thing and want to increase, has some consequences. And one of those consequences is this invasive pest issue. And I do not think that we have dealt with it. I do not think that we have been prepared for it. And I know that you have put some additional requests--

Secretary Glickman. We have about 300 more people in the APHIS Quarantine Inspection----

ARS BUDGET

Mr. Boyd. Right. You have requested some additional money, and it is going to take that. And I know you are doing some things in the ARS budget too. You have stepped that up, and we are attacking it on several fronts. Once it gets here, obviously, we are also trying to attack it to some other countries, I think. African heartwater tick is one we did not talk about. There are some pests out there that will destroy an industry. Citrus canker is one, African heartwater tick will destroy the livestock industry, deer population, everything if it gets out of hand.

I do not know if you know this, but we found African heartwater ticks at some of our ports in Florida within the last two or three months. So those are very serious, serious issues.

Secretary Glickman. Mr. Boyd, if I may just say one thing about a legislative issue. This issue came up in California, concerning the Mexican fruit fly. There was some concern about the fact that we had not referred any cases to the United States attorney for people who are intentionally bringing fruits and vegetables into the U.S. that are infested. The fact is that we have referred some cases. But the penalties under the law are virtually nothing. There needs to be a significant augmentation of penalties for knowingly bringing in infested fruits and vegetables.

We have sent up legislation in the last Congress. That would be helpful because then you can get the United States attorneys really interested in these cases. You put a few people in jail for an extended period of time who knowingly do this kind of stuff, it may help stop it.

Mr. Boyd. Thank you, Mr. Secretary.

I met with your inspector general on this particular issue, and I am going to meet with him some more.

Secretary Glickman. He is developing I think a more concentrated law enforcement effort, and we do need stronger penalties.

METHYLBROMIDE

Mr. Boyd. Two other issues, Mr. Secretary, and I will be through. One is methylbromide. We are in this world of open markets, and free trade, and yet we allow people who use a product that we are now banning to ship stuff in, and I appreciate you and your agency's recognition of the importance of this pesticide.

But, you know, two to three years ago we did a 25-percent reduction in our overall use, what this country is allowed to use. And I think in a year from now, in January 2001, we will have a second 25-percent reduction in sales in this country. We saw a doubling of the cost of methylbromide two years ago when we did the first reduction. Lord knows what is going to happen when we do the next one a year from now.

Where are we on the alternative pesticide use, alternative products for methylbromide?

Mr. Rominger. As you know, we have augmented our research funds each year for the last several years on methylbromide alternatives, and we are continuing to do that. We have developed some treatments for some commodities that look like they are going to be satisfactory. There are some new chemicals coming online that look very promising. It is going to take us a little while to get them registered, but we are pursuing that as rapidly as possible. We are putting some USDA money into getting the data necessary to get them registered by EPA, where companies are not that interested in putting all of the money into the research that is needed. So we are continuing to push on looking for good replacements for methylbromide.

Mr. Boyd. Are you doing any in-field research at this point in time?

Mr. Rominger. We are, yes. We are getting money now out into the field and doing field research, yes.

Mr. Boyd. This is a critically important issue to all of your specialty crop folks and nursery industries. I know the traditional field crops do not use it much, but most of the other agriculture does.

Mr. Rominger. Well, certainly, we hear it from Florida, and we hear it from my home State in California, yes.

Mr. Boyd. Yes, sir.

Mr. Rominger. Desperately needed.

MEAT AND POULTRY INSPECTORS

Mr. Boyd. One additional question, and it is really a follow-up to an area that Congressman Kingston and Congresswoman Rose DeLauro touched on, and that is the meat and poultry inspectors.

It is my understanding that you recently won a major victory in a lawsuit filed by the meat and poultry inspectors unions. And my question is does the winning of that lawsuit give you the authority to adopt alternative staffing arrangements in an unforeseen emergency inspector shortage?

Secretary Glickman. We have set up these what is called Models Programs to give more flexibility on staffing, and we were sued, and we won that case. We feel comfortable it gives us some additional authority to use staffing flexibility as we

fully implement the HACCP rules. But, obviously, we have got to do this using good communication with our employee unions, employee groups. But, yes, we think it gives us greater flexibility.

Mr. Boyd. Thank you, Mr. Chairman.

Mr. Skeen. Thank you.

Marcy, do you have anything?

ASIAN LONG-HORNED BEETLE

Ms. Kaptur. Mr. Chairman, I just had a couple final things here. The first one is the one insect that has not been mentioned here today is the Asian long-horned beetle, and I have to tell you that our maple sugar industry in Ohio is worried to death about what is going to happen.

Mr. Secretary, I would like to ask you, in terms of legislation that the Administration has sent up here dealing with properly placing wrong and fines on people who are responsible. What more needs to be done in order to get the Administration to be a party to the suit, perhaps with the attorney general from our state or from New York State, where the insect has already done major damage, to get cases filed that are won, to really send the message? Is your legislation sufficient to do that?

Secretary Glickman. I do not know. This is a monumental problem, as you know.

Ms. Kaptur. Yes. Yes.

Secretary Glickman. So we have, in fiscal 1999, put in nearly \$7 million, and this fiscal year, with additional CCC requests anticipated or in process, we are talking about \$16 million, much of which is emergency funding.

I am not aware of any lawsuits. We would have to talk about that in greater depth.

FEDERAL LITIGATION

Ms. Kaptur. In terms of New York, what I am thinking is how would one get a joint filing by the Federal Government, let us say, and the attorney general of New York against importers that would have brought it in from China, and it is coming in all of the time. The long-horned beetle is not the only pest that has come on that packaging material. In fact, one of the reasons I am not inclined--there are many reasons--I am not inclined to vote for what is now called most-favored, what is it, normal trade relations with China--they changed the label--is because of the fact that we do not pick up after ourselves when these agreements are set in place.

And on the import of some of these very destructive pests, why put that burden on the taxpayer? Why take it out of our appropriated dollars? And that is exactly what we are doing to ourselves here. So unless there is an insurance fund that is set up, unless there are some landmark cases, it seems to me we need some landmark cases in this area, and we are not getting them. The litigation is far behind where the market is.

Secretary Glickman. Let me ask Dr. Siddiqui to tell you a little bit more about this. We did get a rule adopted on fumigation of wood packing material or other treatment, and you

might explain a little bit about its status.

Mr. Siddiqui. Yes. About 18 months ago, when we discovered the infestations not only in New York, but also Chicago, an interim rule was adopted which requires mandatory fumigation or treatment of solid wood packing material before its shipped from China and can arrive here. So that was one preventive measure taken.

Another one is, once you find infestation, it is too late to find who the culprit was, in terms of who brought it. So interceptions of these exotic species have had to take place, and that is what the Secretary was talking about additional \$30 million is being requested; \$27 million in user fees and \$3 million in appropriations for APHIS adding those inspectors at the ports of entry.

INCREASED PENALTIES FOR VIOLATIONS

Thirdly, I would like to add that increasing the penalties for violations is a critical part of it. That is what the Secretary was talking about, the Plant Protection Act, which is being pushed by the state planning regulatory officials, the National Association of State Directors and a number of commodity groups from all over the country in order to increase penalties. Right now, the maximum penalty for violation of plant pest activities is only \$1,000.

I can tell you about an example from my California experience, that spanned 30 years. Someone intentionally brought coffee berries from Hawaii to Los Angeles, where we have spent millions of dollars in eradicating Med-fly. Through the inspection we established who the sender was because he was also the recipient in the Los Angeles area. When USDA, in the State of California, referred this case to the court, only \$534 was levied as a penalty for an act which could have cost millions of dollars to eradicate if an infestation had broken out.

Secretary Glickman. I think the real answer is substantially increasing the penalties. In a lawsuit, it would be probably pretty hard to actually identify the specific culprit, and I think you have got to deal with this prospectively. This is a big gap in the law.

Ms. Kaptur. Right.

Secretary Glickman. I think we should do something with this legislatively.

DECLINING MILK CONSUMPTION

Ms. Kaptur. And, finally, Mr. Secretary, on a totally different subject. I am very concerned with the declining milk consumption among our youth, simultaneous with an increase in consumption in soft drinks and high-sugar-containing foods. And we have a rise in osteoporosis among young girls, we have an epidemic of obesity among our youngsters, a third of them. I am concerned about how--I know we will have the Food Nutrition Service up before us later this month--but what can be done, in your opinion, to deal with the nutrition of youth, particularly inside those school buildings? And I am sure I am speaking out of turn here, but to get rid of those exclusive contracts that

the soft drink companies put in these schools, and they literally buy off, school by school, million-dollar contracts. You can have ``X'' drink, you cannot have ``Y'' drink. And the proof is in the pudding. All you have to do is look at the children coming out of those buildings. This is a really serious problem in our country.

Secretary Glickman. You are right. One of the great nutrition problems facing this country and our children is the amount of soft drinks that are displacing more nutritious beverages. I do not know what we can do. Some have argued that to participate in a school lunch program you should have to get rid of the soft drink machines. I do not think we have the statutory authority to do that.

But I think that you ought to talk to Shirley Watkins and her staff about what options there are. The school food service people from around the country were here this week, and we have tried to figure out if there is any way we can raise the issue from a bully-pulpit perspective.

The school lunch program has done a great job of improving, over the last five years, the quality of the content of food. We have new dietary guidelines out for comment and we expect that sugar in the diet will be addressed.

I might tell you that next week, on Thursday, we are having something called the great nutrition debate at the Department of Agriculture, and we are having Dr. Atkins, Dr. Ornish and others, including the person who wrote the zone diet, the person who wrote the sugar-busters diet, and one objective nutritionist. What can I say? [Laughter.]

I do not know how to characterize this. It is on Thursday from 10:00 to 12:00. It is for two hours. The American public is getting a barrage of conflicting and competing nutrition information. Each of these diets says that it is the ticket to Heaven on Earth.

Ms. Kaptur. All members of Congress read those.

Secretary Glickman. So it is something that you might be interested in. You know there are a lot of great egos among the group of people who I have mentioned, and there may be some truth in every one of their diets. But now there is so much conflicting information out there that I think it confuses families a lot about what to eat and what not to eat. We really need to do a better job of communicating good nutrition information without the Government appearing to be a national nanny either. The trick is to find out how to do that.

But you are right. These contracts give the school districts lots of money, and there are ways schools can raise lots of money for their own activities/programs that they cannot raise any other way with tight budgets.

Ms. Kaptur. That is correct. Thank you, Mr. Secretary.

Mr. Skeen. Thank you very much.

I will owe you one, Mr. Hinchey. I think we have had a great afternoon. I appreciate all that you have done.

Secretary Glickman. Thank you. We have got a lot of work to do now.

Mr. Skeen. The committee will stand in adjournment until 10 a.m. tomorrow, when we will hear from the Department's inspector general. It ought to be very good to be here. So see you tomorrow.

Secretary Glickman. Thank you.
Mr. Skeen. Thank you.
[Questions submitted for the record follow:]

Thursday, March 16, 2000.

OFFICE OF THE CHIEF INFORMATION OFFICER

WITNESSES

JOSEPH LEO, CHIEF INFORMATION OFFICER
PEARLIE REED, CHAIRMAN, NATIONAL FOOD AND AGRICULTURE COUNCIL
STEPHEN B. DEWHURST, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE
Mr. Skeen. Good morning. The committee will come to order.

Introduction of Witnesses

Good morning. We want to welcome today the new Chief Information Officer for the Department, Mr. Joe Leo.

Mr. Leo, let me start off by saying we appreciate the enthusiasm that you bring to the job, and I understand from your testimony that you had been involved with various initiatives to improve how information technology is used to deliver programs at USDA. That is quite an accomplishment. This new job will be particularly challenging in that regard.

OCIO BUDGET REQUEST

Your budget request for fiscal year 2001 includes three major initiatives totaling \$83.6 million. As we move forward in the appropriations process, we will have to pay close attention to these items so that any resources that may be provided are targeted to help the Department deliver programs in an effective and efficient way.

NATIONAL FOOD AND AGRICULTURE COUNCIL

This morning we also have invited USDA's National Food and Agriculture Council to be with us to give us a better understanding of the role the group plays in delivering the services that are so important to so many farmers and ranchers and homeowners at the county-based service centers. Mr. Pearlre Reed of NRCS, who serves as the Chairman of the council, is at the witness table. Behind him are Keith Kelley of FSA. Good to see you again, Mr. Kelley. Inga Smulkstys of Rural Development, who, along with Mr. Kelly, are on the board of directors. These three people serve the council collaterally. We appreciate your being here.

With that, I will turn to my Ranking Member Miss Kaptur for any remarks she may have, before we proceed.

Ms. Kaptur's Remarks

Ms. Kaptur. Thank you, Mr. Chairman. I just wanted to welcome Mr. Leo here this morning. I was not aware that Pearlre

Reed was chair of this group. I suppose I should have been. I apologize for not knowing that. We are happy to have you back before the committee, and also Mr. Dewhurst for his repeat performance here.

Mr. Skeen. Year after year.

Ms. Kaptur. Year after year, yes.

So we look forward to your testimony, and we will await the question period. Thank you.

Mr. Skeen. With that, I turn it over to you, Mr. Leo, and then Mr. Reed for any oral comments you may have. Your written testimony Mr. Leo will be inserted in the record. It is all yours. Glad to have you here. Welcome.

Opening Remarks of CIO Joseph Leo

Mr. Leo. Thank you, Mr. Chairman.

Mr. Chairman, Ranking Member Kaptur, Members, I appreciate the opportunity to discuss with you the information technology program at USDA. I would like to submit my written comments for the record and make just a few brief remarks prior to responding to any questions you may have.

I am joined by Mr. Pearlie Reed, the Chief of the Natural Resources Conservation Service, who is Chair of the NFAC, and Mr. Steve Dewhurst, Director of the Office of Budget and Program Analysis. With us today are Deputy Under Secretary for Rural Development Inga Smulkstys, and FSA Administrator Keith Kelly, also members of the NFAC.

The presence of my colleagues reflects our strong commitment, as well as that of the Secretary and the Deputy Secretary, to continue to work together to modernize our field service centers and create a more efficient administrative management structure for the county-based agencies.

LIFTING SSB RESTRICTION

Today we want to express our strong support for the Secretary's request that Congress remove the restrictive language included in last year's appropriations bill that prevents USDA from moving forward and implementing the Support Services Bureau--SSB.

The SSB will allow us to consolidate the now redundant administrative structures of the three service center agencies into one cost-effective, comprehensive administrative services operation. The SSB will not divert program funds to administrative activities. It is the right thing to do. It is good government, and it will strengthen our ability to support program delivery to farmers, ranchers and others by improving the administrative services program managers depend on to get the job done.

Implementing the SSB, especially by consolidating the information technology staffs of the three agencies, is also the logical and necessary extension of our efforts to provide a Common Computing Environment and shared telecommunications network in our field service centers.

COMMON COMPUTING ENVIRONMENT

Our fiscal year 2001 budget requests \$75 million for that part of the service center initiative dealing with the Common Computing Environment--CCE. The CCE is the critical component of the service center modernization initiative that will provide a single, integrated and modern technology system for county-based agencies. The CCE is needed to replace our current systems that were developed within the stovepipe of each agency and are expensive to maintain and do not enable our employees to provide modern and efficient services to farmers, ranchers and rural residents. In short, the CCE is the electronic highway for delivering agricultural services to rural America.

OCIO TO MANAGE THE CCE

To strengthen the Department's management of this initiative, last week the Secretary modified my role from that of oversight to direct management responsibility for the Common Computer Environment investments. The requested \$75 million would be under the direct stewardship of my office, and I will work closely with Mr. Reed, Ms. Smulkstys and Mr. Kelly to make sure that we make significant progress in our modernization efforts.

COMPUTER SYSTEMS SECURITY REQUEST

Our fiscal year 2001 budget also requests \$6.6 million for computer systems security. Recent attacks in the private sector, as well as attempted intrusions into our own computer networks, make it clear security and privacy must be among our highest priorities. The funds we have requested will allow us to strengthen computer security at the corporate level, or our perimeter, as well as at the individual agency level. We have already hired an expert in security as our new associate CIO for cybersecurity. His mission is to work with our agencies and build a computer security program modeled after the best practices in public and private sector organizations.

E-GOVERNMENT REQUEST

Also, computer security is of paramount importance because we are moving more and more towards electronic government. Today, USDA agencies make a wealth of information available to the public on their Web sites. Some agencies are also exploring more advanced e-government initiatives so that eventually, for example, grant and loan applications, procurements and other functions can actually be transacted online in a secure environment. We have requested \$2 million for contract support to develop a Departmentwide electronic service strategy to ensure that what we are doing meets our customers' needs, and to ensure that we leverage e-government initiatives across USDA.

CONCLUDING REMARKS OF CIO

In conclusion, to summarize, we urge you to remove the restrictive language that prevents us from streamlining our administrative structures in the county-based agencies, and we

urge you to support funds we have requested for our service center modernization effort, for computer security, and for providing electronic services to our customers.

We are confident that with your support, the Department will continue to make progress in meeting the challenges that we face, and that we will be able to provide our Nation's farmers, ranchers and others the modern and efficient services they deserve.

Thank you very much. I will be pleased to respond to your questions at this time.

Mr. Skeen. Thank you.

[The prepared statement and biography of Joseph Leo follow:]

REMARKS OF NFAC CHAIRMAN REED

Mr. Skeen. Mr. Reed.

Mr. Reed. Thank you, Mr. Chairman, Ms. Kaptur. I am here today in my capacity as Chair of the USDA National Food and Agriculture Council--NFAC. The chair is rotated annually between the USDA field-based agencies, namely the Natural Resources Conservation Service, Rural Development, and the Farm Service Agency. We, all three of us, are here in support of the Office of the Chief Information Officer and to respond to questions you might have for us concerning information technology applicable to the delivery of programs and services.

Again, thank you, and I am pleased to be here.

IMPLEMENTING CCE AT USDA

Mr. Skeen. Ms. Kaptur, would you like to take on the questioning? I know you have another commitment.

Ms. Kaptur. Administrator Browner is testifying across the hall, and the Chairman has kindly allowed me to ask questions first here so I might also attend a portion of that hearing.

Mr. Leo, maybe I should start with the Common Computing Environment questions here. It has taken the Department an awfully long time to do this, to try to streamline your computer systems and bring them up to date. We had testimony, I think, over 10 years ago that the Department has been saying it needed to upgrade its computer systems to make it easier for farmers to deal with various farm service agencies, so they could communicate with one another. Could you explain to us why it has taken so very long to effect this, please?

Mr. Leo. The journey has been a long one, from the documentation I have read. I have been with the Department 15 years and have watched this development from afar, so I am not intimately involved with the history and could turn to others if we need clarification.

If we look at what the agencies were faced with during this period of time, from my perspective, the following backdrop: One, there were declining resources in terms of staff; two, a corollary decline in resources in terms of funding for the overall programs at a time when programs were growing. So our leaders had to make choices.

First, we have to maintain the legacy or what we call the current system environment. It takes a lot of effort, a lot of staff years, a lot of money to maintain what is.

We then, in recent years, wound up with the Y2K challenge, and for all intents and purposes, except for a couple of areas which I will mention in a moment, we stopped work on our legacy systems in order to go in and see where the problems were.

Now, in recent years we made a couple of significant investments in the computer technology, which I believe are bearing fruit today as I speak. The two most significant ones were our telecommunications network, where we went into virtually 2,500 county offices and updated their phone systems so they can talk to one another. A farmer can dial one number and talk to somebody in Rural Development. If they wanted somebody in NRCS, they could transfer the phone call to that person. Before that they couldn't. In addition, we wired for the coming electronic revolution. We wired to carry our digital or data flow. So they now have the infrastructure, if you will, in almost every county office. I think we have about 300 to go. It allows them that part of the communications which is modern, in place and working today.

In the last several years we bought approximately 30,000 computers that allow us to start talking on the Internet. One of the programs that we have, we are not finished, but we have a program, for example, that allows the farmer and rural housing applicant to actually fill out the forms. We have not yet solved the other end of it. They have to fill out the form or the application and fax what they are doing to us. Then we have to work on it at the field level and go back in a more manual way to them. So now we are asking for investment funds so we can do it basically online.

It has been slow, it has been torturous, but the funding resources, the ability to deliver our programs today, I think, is our most important priority. Building our future has been a struggle. I think that is why I am here today, to help accelerate that delivery.

SERVICE MODERNIZATION PLAN

Ms. Kaptur. I wanted to try to get a second question on this first round, and I will have others on the computing environment for the record.

We have just received lots of inquiries about the service modernization plan. For example, both Chairman Skeen and I have received a letter from Rudy Price, the president of the National Association of Conservation Districts, dealing with some of the conservation districts' concerns. I would like to raise those items with you. I will offer many questions for the record.

FIELD OFFICE CLOSURE IMPACT

But one of the basic questions really is what steps has the Department taken to ensure that the interests and needs of the non-Federal conservation partners are safeguarded as USDA reorganizes itself, and what impact will the closing of field offices have on the delivery of conservation services?

Now, we have received calls from Ohio. I got one the other day from one of my favorite farmers, all upset about what was going to happen in Ohio. I had to be honest and say I wasn't aware of all the details and how this would work out locally. Could you talk to us a little bit about that? Have you gotten complaints from many organizations like this?

Mr. Leo. I would like to handle the first part and then turn to Mr. Reed for handling the question on the location, if I might.

First of all, I have met with the NACD four times now in collaboration with NRCS, with the Office of the Deputy Secretary and with the project manager for the initiative. We met for two purposes: One, to explain further our rationale for the support for the Support Service Bureau, and secondly, on the Modernization Plan. In fact, I along with the Deputy Secretary, Special Assistant Linda Delgado and Greg Carnill, the project manager, have set up a briefing next week for the entire executive board and membership, the last number was 350 members, to explain further what the Modernization Plan does, as well as turning over copies of it.

There was a little gap, because we respectfully turned over the plan, as Congress requested, first to you before providing it to the public. We had to meet the deadline to get the plan in to you all.

Now, we are setting up briefings as fast as we can with regard to explaining the Service Center Modernization Plan that we delivered to you.

The concerns of NACD, I believe, are genuine. They ask a very significant question: How do almost 14,000 people on the partnership side work hand in hand together? I believe Mr. Reed is in the very best position to answer that question. I can assure you, I have been in dialogue along with Mr. Reed and others continually to further this work.

We have passed their request, now that Mr. Reed is chair, about how we can strengthen that communication between NACD partners and the National FAC. The National FAC is currently assessing their request.

DECOUPLING DISTRICTS FROM NRCS

Ms. Kaptur. One of the facts I was given was when the field service centers were established, it resulted in over 250 conservation districts being decoupled from NRCS. Some of these may be in Ohio. I am just unaware of that. So I was concerned about what impact this would have on NRCS's operating costs and on coordination with State and local interests relative to conservation.

Mr. Reed, if you have any comments at this point, they would be greatly appreciated.

Mr. Reed. Just to add to what Mr. Leo said, we are very much aware of the concerns raised by the National Association of Conservation Districts. The Secretary is personally aware and has met with the leadership of the conservation partnership. He has directed us to make sure as we proceed that the interests of all of our partners, not only the conservation districts, but others, are fully incorporated into our decision-making process.

As Chair of the FAC, I think I can speak for Keith and Inga as well, we are committed to ensuring that as we move down the USDA modernization efforts, that we incorporate into everything we do the concerns of our partner organizations.

Ms. Kaptur. Thank you, Mr. Chairman. My time has expired. I am going to ask if Mr. Hinchey might take the lead on this side of the aisle as I go across the hall and take care of another hearing.

Mr. Skeen. Certainly. We understand. We appreciate your accommodating us.

Ms. Kaptur. I will try to get back. Again, I thank the witnesses.

Mr. Skeen. Very good.

CONTRACTS CANCELLED AT BELTSVILLE LAB

Mr. Leo, as I understand it, several contracts wererecently canceled at the interoperability lab in Beltsville. Would you tell the committee what the circumstances were that led up to the cancellation of those contracts, and specifically why they were recalled?

Mr. Leo. I can give you a general answer. A bit of forgiveness, I have only been here 6 weeks trying to get the entire matter under my belt. What I know in general is that we use contractor assistance in order to help us develop all the activities associated with the Modernization Plan. We have a central contract vehicle, and then there are subcontracts under that contract vehicle.

Upon inspection, on how we were managing that contract, it was the belief of USDA personnel that we were perhaps giving the contractor too much with regard to assignments, whether they have to do with formulating the plan, sizing up what it would take to carry out a particular activity, and then executing that activity. So we stopped. We basically, with the contracting officer and the program officials, decided to reexamine how we were managing that contract. We have completed that reexamination.

We have put in place more government management of that contract. Now we have restarted that contract, and we have cut out some of the tasks that were formerly given to that contractor, which now the government employees are doing. That is the basic, general reason you saw a sudden stoppage. It seemed like people were sort of leaving the job. It was actually, basically a stop work order.

Now we are back. We are bringing back what we think is the right mix of contractor personnel and government personnel.

EFFECTS ON CONTRACTORS

Mr. Skeen. It also affected the contracts you had before, correct?

Mr. Leo. What happens is when you use a general contractor, you have a number of subcontractors underneath. When you stop at the center, all the subs wind up stopping as well.

AWARDING CONTRACTS

Mr. Skeen. When you heat the head, the feet get cold. What

was the rationale for awarding the contracts to the same vendors rather than going out for new bids? Was this part of the exercise?

Mr. Leo. That is certainly an option the government has. My understanding is the contractor was doing good performance, it is just that our management, our stewardship of the things we were assigning that contractor and his subs had to be reexamined.

From the feedback I have received to date, the contractor was doing a good job, but was just doing too much of the job. The government is now doing more of the stewardship areas. That contractor, to my knowledge, is performing in accordance to our requirements.

LAN/WAN/VOICE UPGRADES

Mr. Skeen. Fiscal year 2000 is the final year for the complete installation of the local and wide-area network and voice technology. Now that the Department has nearly completed the project phases of this technological installation at the service centers, and with the technology changing so rapidly, are there any plans for technology upgrades within the service centers with respect to local and wide-area network and voice technology? That is one of the most marvelous statements I have asked a question on.

Mr. Leo. Yes, sir. We are very proud----

Mr. Skeen. You are earning your pay.

Mr. Leo. Thank you, sir. We are very proud of our LAN/WAN/Voice-based activity. Basically when you take the task of modernizing 2,500 offices and the State offices, in a country as vast as ours, it is indeed a challenge.

For example, we are now in the process of upgrading our telecommunications network to what we call a frame relay system, which basically means the old technology we were using in the computer industry, something referred to as X dot 25, is now old. We are modernizing the old way of doing telecommunications to its modern way.

In addition, we have a very clear vision. We must connect up to 30,000 computers that are now by and large in a stand-alone configuration. The money that we have requested, a large part of the \$75 million, connects those computers.

What can we do when we connect them? We can do remote diagnostics and management of those computer networks. We can upgrade the software in those computers remotely. We can actually have something called e-mail and actually send e-mail efficiently to over 30,000 employees and so forth.

So with the funds we have requested, a major part is to continue with the connectivity in our telecommunications area.

I am also told we have somewhere around 300 more sites, and we will have completed the effort. In other words, we are at about 90 or 95 percent complete in installing that LAN/WAN/Voice operation.

Mr. Skeen. You just can't live without them in this day and time.

Mr. Leo. Thank you, sir.

INFLUENCE ON AGENCY IT EXPENDITURES

Mr. Skeen. Explain how the Office of Chief Information Officer influences the formulation of technology expenditure at the agency level if the Office of the Chief Information Officer does not own the investment funding. And then, how do you ensure that there is a common platform for the informational systems development? I think that is what you were working on.

Mr. Leo. That is exactly what we are working on, sir. Let me start with the vision.

The vision is that the legislation created the Office of the CIO, and we have faithfully implemented that legislation. There are differences in the way agencies manage their resources. In some agencies, they are very centralized. We are more of a decentralized department, as you know.

The CIO's office is mainly--but I am trying to change that subtly--is mainly now sort of like the captain, cheerleader, team leader, coach of the enterprise. So the Secretary has vested in the OCIO, and now me, the ultimate responsibility, one, as his chief adviser for information technology. Second, I have approval authority basically for all major acquisitions, which is defined as anything over \$250,000, that now must come through our office for review and concurrence. So I have an ability to look at the entire corporate portfolio in USDA, and make independent evaluations.

Now, in that regard, the reason why I am requesting funds before you today for fiscal year 2001 is to provide some resources within my office to take stewardship and leadership for a couple of critical areas. I believe that the security initiative, for example, is absolutely critical, and not just to speak about it or put policy out on it, but actually have some funds to do some corporate work.

This is, I would say, the major area that the CIO's office needs to get engaged in, the corporate vision of USDA.

So I have some tools. I am asking before your committee the additional resources to put, in essence, the resources behind the policy and the resources behind my ability to execute those responsibilities vested in me.

One last example. If I were to look independently at an agency's major acquisition or how it is going, we would use what we call an IV and V, independent validation and verification. Without any funds, I don't have the ability to do that.

So certain prudent--we are not asking for a whole lot--of funds enables the OCIO to do the work necessary to ensure that the corporate vision of USDA is implemented and the standards that we try to promulgate are followed.

Mr. Skeen. You tested the water, and it is time to swim in it.

Mr. Leo. It is time to swim, sir, but carefully, cautiously.

Mr. Skeen. I appreciate the word ``carefully.'' Thank you for that.

Mr. Hinchey.

Mr. Hinchey. Thank you very much, Mr. Chairman.

Good morning, gentleman. No fancy strokes yet?

Mr. Leo. I think, sir, to stay afloat is my major objective.

Mr. Skeen. You are doing very well.

DOWNSIZING USDA COUNTY OFFICES

Mr. Hinchey. Your biggest issue before the Congress this year apparently from your testimony, Mr. Leo, is to remove the language from last year's appropriation bill that prevented the Department from implementing the Support Services Bureau. I can understand why you would want to create a single administrative function for each county office. Many of these county offices you not only have duplication of activity, but even triplication very frequently. There has been a reluctance on the part of the Congress to authorize the SSB in part because we have seen such a substantial downsizing of the Department across the country.

You note in your testimony that the county offices have lost 22 percent of their work force since 1993, while their workload has increased with the downturn in the farm economy.

County offices are going to be called upon to deliver \$55 billion in farm, conservation, and Rural Development programs and services this year, with substantial staffing decreases--over 1,000 county offices have been closed, and those that remain have been downsized by over 10,000 positions since 1993.

Now, Members of the Congress all have our experiences with the delivery of these programs as a result of that downsizing. My experience is that the downsizing has gone too far too fast, and that the services are not getting out to people, and the reason the services are not getting out to people is very simple: there are an inadequate number of people in the county offices, in the State offices to deliver the services.

So, therefore, with the opposition of the employee unions, you must understand the reluctance on the part of the Congress, to go along with this recent initiative, even though the elimination of duplication of services is very important. As I said, in some offices you have three people essentially doing the same thing, so we need a way to resolve this.

I think one of the ways that we can resolve it is to communicate to the Department that they have gone too far too fast with the downsizing of government. There are some serious problems with the inability of your agencies to deliver the services that I know you want to be delivered, certainly the Secretary wants delivered, I know the Chairman wants delivered, and I do as well.

So I am not asking you to resolve this matter today, but this a big issue, and it has to be resolved. And I think that the likelihood of your request getting more favorable consideration this year--and it is a good request, and it ought to get favorable consideration--but the likelihood of it getting favorable consideration will be substantially enhanced if the Department expresses a realization of the fact that they have gone too far too fast in cutting down on people out in the field. I don't know if you want to respond to that.

Mr. Leo. Well, I have the trusted adviser here for the Department as a whole. Mr. Dewhurst, would you care to provide the macroview, and I will step in right behind you.

Mr. Skeen. He is certainly well-known around here. We will listen to him any time.

Mr. Leo. I have had the distinct pleasure, sir, of working with him 15 years. I wholeheartedly concur in your observation. He is a tremendous asset to our Department.

Mr. Skeen. Your recommendation is not misused or misstated. It is very well done.

Mr. Dewhurst.

Mr. Dewhurst. I think, having had the privilege of being here over many years and actually testified on this subject with Secretary Madigan and then Secretary Espy and now with the current Secretary, there are a couple of points that have always impressed me about this.

One is that the Department's personnel levels, as you have said, have gone down fairly dramatically in the last 5 years for all kinds of reasons. I know that the Secretary, among others, has the same kinds of concerns that you do. There are some increases in the President's budget in both Rural Development and the NRCS in personnel, if the Congress will enact the appropriations the administration has suggested.

In the FSA, there is continuing debate about personnel levels in that agency. The budget protects the full-time work force at its current level, but does cut temporary employees. I happen to think it is important to remember that the objective of the SSB was always to have its primary impact at levels above the county offices, at the National headquarters level and at the regional and State levels. The theory has always been the more efficient your administrative structure above the county level, the better service you can give the counties, and, in fact, the greater proportion of resources you can make available at the county level.

So the SSB was one effort to try to reduce the impact of the personnel cuts at the local level, but it does remain an issue, and we are having, as you know, some trouble right now delivering programs.

Mr. Leo. I just want to add a bit to Mr. Dewhurst's statement. From my perspective, I have worked on this Bureau for 2 years, with hundreds of people. It is clear to me that if you survey the workers out there, if you survey our staff out there, they want the Support Services Bureau with regard to delivering integrated service. Our customers out there make no distinction with regard to whether the service is coming--let's use computers--whether they call FSA for the computer support or RD for the computer support or NRCS.

Our administrative structure has been cut, and in one sense we are proud, and in another sense it is a struggle; has been cut a larger percentage than our program staff or the ones out there delivering the programs. They are cut to the point that we need to consolidate these staffs, the administrative staffs, to get the synergy out of three combined staffs into one. To get rid of, for example, 44 divisions--now it is 10 divisions--in our Support Service Bureau as opposed to three separate structures. Our whole objective was to deliver those administrative services to our program people so that they can deliver services to our customers. If we do not do that, then you wind up having program folks that are supposed to be serving the customers trying to figure out how to get some more administrative services, some of them trying to do it themselves. You lose focus and energy.

So I have been at this, sir, with a passion for 2 years. It is just good government and good sense. In particular when we talk about this vision of the electronic highway for rural America, which is an another passion of mine, it is one thing to buy it. It is another thing to maintain and operate it. I submit to you those information technology staff need to be working closer together if we are to provide the services on the one hand and then ask them to maintain and operate it and keep it in good working order on the other.

It is sort of like we have three car mechanic shops in town. I would like to put them into one modern facility, and improve the workers' productivity through automation. We can do so much, we can't do it all. It is clear our commitment before you today and the \$75 million we are asking for is to get modern tools into the workers' hands so they can do a better and more productive job of providing services to the farmers and other residents in rural America.

Mr. Hinchey. My time is up, Mr. Chairman. May I have more time?

NFAC ROLE IN SERVICE CENTER MODERNIZATION

Mr. Skeen. Mr. Reed, you alluded to the National Food and Agriculture Council in your opening statement. Please tell us what the basis was for the formation of the Council, when it was formed, and what is the Council's role as it relates to the service centers?

Mr. Reed. The National Food and Agriculture Council is an organization established by the Secretary to provide program and management coordination USDA-wide at the agency head level. We call it the NFAC. The NFAC reports to the Deputy Secretary. All USDA agencies have a seat at the table.

The NFAC's focus over the past 6 years has been on program and management coordination needs of the field-based agencies, mainly NRCS, Rural Development and FSA. In that regard, the NFAC's primary function has been to provide leadership, oversight and coordination for what is now called the USDA field-based agencies' modernization efforts, which includes the items you mentioned earlier, the service center collocation, State office collocation, business process reengineering, the Common Computing Environment, along with other activities.

The NFAC also provides, which in my view is equally as important, the framework for USDA agencies and our partners to work together on a multitude of issues from emergency and disaster relief to the coordination of the use of facilities, property and personnel.

NFAC ROLE IN STATE OFFICE COLLOCATION

Mr. Skeen. The USDA recently announced the selection of 26 cities to collocate State offices. I want to get into this collocation. What was the role of the Food and Agriculture Council in the selection of those sites, and can you provide for the record the criteria used for the selection of each of those cities, including sites that were selected where lowest cost was not the basis for the selection?

Mr. Reed. Yes, sir, we can provide that for the record.

Mr. Skeen. I would appreciate it.
Mr. Reed. Thank you.
[The information follows:]

The cities selected for State Office collocation were in all cases based on cost consideration, but only after first determining that they were able to support all program performance needs. The requirements of all applicable Executive Orders, regulations and statutes affecting how Federal facilities are located, acquired and utilized were the next considerations. Cost was considered after ensuring that each of the above requirements were met.

The lowest collocation costs were projected by selecting cities recommended by State Food and Agriculture Councils--FACs--requiring the fewest number of employees to relocate. Whether collocation involves moves between cities or within the same city, lower operating costs are expected from reduced overall space needs and from other economies of collocation. Cities requiring the solicitation of lease offers were informally surveyed for market rates by each State FAC when preparing their cost-benefit analysis. The results of these analyses were discussed with the GSA Regional Offices for the proposed locations to check against their knowledge of local market lease rates.

The combination of programmatic considerations, existing Federal space inventories, socioeconomic requirements for locating Federal facilities, and projected one-time and long term operating costs were considered by the National FAC in forming their recommendations for the Secretary. In all cases, the lowest relocation cost scenario was used. Where competitive space solicitations will be required, the award will go to the lowest cost, acceptable offer.

Mr. Skeen. Mr. Hinchey.

REPROGRAMMING SSB EMPLOYEES

Mr. Hinchey. Thank you, Mr. Chairman.

Mr. Leo, just returning to that issue of the implementation of the SSB, what you said in response to the question, I think, is inarguable. It is absolutely a very important initiative, and I want it to be accomplished, and we ought to help you do it.

One of the questions that arises, however, is with regard to the present employees. When the SSB is implemented, what happens to those employees? Will they be reprogrammed into doing the field work, which is now so seriously and obviously deficient, or are they going to be eliminated?

Mr. Leo. Well, I do have some data on that. That was a question--you might be aware that I had chaired a labor-management council, and I have the opportunity to say I did have strong labor support. I had tremendous support from the field unions and associations, and I had a lot of support in Washington.

Now, there were some that said, Joe, you have unanswered questions, and one of them is the one you just asked, with regard to what happens to employees.

First of all, the vision of the Support Service Bureau in combining the staff was to achieve savings. I am either sad or happy, I don't know how I feel, that 33 percent of the employees, with regard to the cut that you talked about earlier, are gone. There was no RIF planned, because I was losing employees faster than any effort that I would need to do what we call in the government an ``adverse personnel action.'' I was trying to hold onto what precious little I had, so that we assured employees that there would be no RIF, no ``adverse personnel action.''

Number two, we went through a process with our management and union partners on how would the transfer occur. The vision was simple: We would have employees from NRCS, RD and FSA who were in these administrative positions. There are five functional areas. I might just enlighten you, those areas were civil rights, administrative services, financial management, personnel and information technology. Those employees were going to be housed in the Support Services Bureau, and the Support Services Bureau would be an entity within the Department managed by the three leaders of those agencies; what I mean by that, simply stated, a board of directors.

These employees would then work for the whole, as opposed to their individual agencies. They would receive a common identity, Support Services Bureau employees, and they would work for the common good.

Now, I already indicated the original vision which we set out for the Support Service Bureau was efficiency. We wanted to get as many program folks at the front, if you will, delivering the services we could. So there was a target, and only a target. It was not a mandate, it was a target that we would have this consolidation. We would have a total reduction of 45 percent of the existing work force in the three agencies over a 10-year period; 45 percent of them would disappear over a 10-year period. So by the end of 2002, we would achieve our objective.

Well, if you recall, 33 percent, now about 35 percent, are already gone. We had less than 15 or so, about 10 percent, to go. We saw no need for any adverse action with 10 percent. That would be taken care of just by attrition.

But the unions and other employees felt we shouldn't have to take those additional cuts. I said, great, if we can hold them in the budget, they are only targets, we will do the very best we can. But administrators, chiefs such as Pearl Reed or Under Secretary Smulkstys, have to look at the total resources in the agency and go, how do I best deploy them? If they decide in their judgment that 5 percent ought to come from administration, because I cannot meet my payroll, then I can not substitute my judgment for that leader. In other words, those leaders in the end have to stand before you and account for their stewardship.

So they are continually faced with the difficult choices between program delivery, and administrative support to support that program delivery. So I said, look, these are targets set by the Secretary. We made them public so everybody knew where we were going. But I explained a half a dozen or more times that every cut since I started was taken as a result of budget conditions, meaning not enough money to meet the payroll, and not as a result of the Support Services Bureau.

I am going to conclude here by saying it was clear that we wanted a very lean, productive administrative infrastructure for program support. So, yes, we were reducing our administrative overhead in terms of numbers. Difficult? Yes. But they were only targets.

SSB PEOPLE DEPLOYMENT

Mr. Hinchey. Well, that was a very long and detailed answer, but it wasn't quite responsive to my question.

Mr. Leo. Yes, sir.

Mr. Hinchey. My question is if you eliminate these people, and the objective is a good one because in eliminating them you will improve the efficiency of your operation, recognizing the fact that you have cut too far and too fast in other parts of the agency, will those people who you will eliminate as a result of this SSB initiative be reprogrammed to fill other gaps within the agency? You may not be able to answer that question, but I would like an answer to it. So if you could avail upon others within the Department to provide an answer, I would be very grateful to you.

[The information follows:]

If future budgetary conditions enable the leaders of the Service Center Agencies to reprogram redundant administrative staff into program delivery positions, then we are confident that they will make every effort to do so where those employees meet the necessary qualifications. However, at this point, it does not appear that any administrative staff will fall into this category. We do not anticipate that any current administrative employees will be separated in ``adverse actions'' if the SSB is approved and implemented. To the maximum extent practical, all current administrative employees will be placed in ``matching'' jobs for which they qualify in the new administrative structure.

The remaining ten percent reduction envisioned as a result of the SSB will be absorbed by normal attrition--assuming that future budget conditions do not force country-based agencies to make additional cuts unrelated to the SSB.

As we have stated, the country based agencies are facing tremendous difficulties today meeting increased program delivery needs with reduced staffing levels. Staffing in the country-based agencies has decreased by 22 percent, or some 10,000 staff years, since 1993. 6600 of the staff year reductions are the result of the Administration's original streamlining plan. However, staffing reductions have exceeded the original plan by 3,500 staff years. These additional staff reductions of 35% reflect the reduced funding levels within which these agencies have had to operate over the years.

Indeed, one of the benefits of the SSB is that, by creating a more efficient administrative apparatus, more resources would be available for program delivery. However, this assumes that future budgetary conditions will allow agency heads to actually increase, rather than decrease, field staffing levels. In the event that FTE increases are funded, and administrative employees are adversely separated--which, again, is unlikely--those employees would receive preferences for any program

delivery positions for which they qualify.

Mr. Leo. I am clearly trying to do that. I am trying to save the program staff, redeploy that program staff. But as I indicated, 35 percent of them, the slots are gone, and the people are gone. That 35 percent is off the table. I don't have them anymore. They are missing.

If Mr. Dewhurst and company are so persuasive to you that we are able to get the employment levels that you have heard Mr. Dewhurst state, we will be very happy to look at how to redeploy those resources.

So I think we are doing the very best we know how with the resources we have, but I just wanted to say to you, they are gone.

RESTORATION OF EMPLOYMENT LEVELS

Mr. Hinchey. I know they are gone, Mr. Leo, but I want to help you recover some of those.

Mr. Leo. Thank you. I am trying automation to make up some of that gap. You could really help me with this money I requested. That would be one magnificent way of helping me with regard to the infrastructure, because if we can make those employees more productive----

Mr. Hinchey. Mr. Leo, you are on one track. I am trying to get you on two.

Mr. Leo. I understand the cuts have been brutal at USDA.

Mr. Hinchey. We don't have the people in the field delivering the services. The services are not getting out to the people who need them. That is a serious problem. The agency has to address that problem.

Mr. Leo. Yes, sir.

Mr. Hinchey. Thank you, Mr. Chairman.

TELECOMMUNICATIONS MANAGEMENT

Mr. Skeen. Mr. Leo, there have been GAO reports that indicate the telecommunications at USDA have not been managed in the most cost-effective way. Is it your determination that the operational costs will be greatly reduced by implementing a centralized telecommunications management system. If so, what progress has the Office of Chief Information Officer made in either the implementation of a centralized system or reduction of operational costs? You have several elements there that you discussed this morning.

Mr. Leo. Yes, sir. There is a project that you are referring to called, from what I understand, Telecommunications Enterprise Network--TEN. The good news is we were able to document the entire infrastructure of the Department of Agriculture. The not so good news is that we are migrating away from a centralized command and control to a centralized management.

The earlier vision that you heard about was to round up everything and just do command and control, take over the entire telecommunications, all the way down to the desktop in telecommunications.

Quite frankly, sir, we have evolved from there. There is a

relationship between what the agency should be doing at their level and what the Department as a corporate entity should be doing.

Let me give you an example of where I am steering telecommunications today. We are trying to control what I call the pipes; that is, planning much better. There is a revolution going on in the private sector with regard to consolidation of telecommunications services. We need to take advantage of that revolution. We need to be smart buyers by buying what we call the ``throughput''. The technical term is bandwidth. We need to buy the pipes so we can move our data very efficiently.

I am working with the Department officials, the agency officials, rather, in managing that part. The LAN part, connecting the computers together, we think the agencies--that should be their responsibility. So we have evolved in our vision, in my view, in a positive manner.

We then looked at the GAO reports on telecommunications for voice, and we have been in a rapid response mode, taking all their recommendations. We have been responding back to GAO on how we have modernized. We set up, we better control the ordering of telephones now, or when a field office is closed or somebody moves, we can get that telephone out of circulation and not be paying the monthly charges on it. We have organized what we call the managers in each agency. We have monthly meetings. We responded back to the three GAO reviews and set up what is basically a review function in our Kansas City office, a centralized area where we could observe fraud or incidents that are suspicious. So we think we are taking positive steps.

Lastly, we believe we are smarter buyers in that the demand for telecommunications, let's say, on the data side is growing immensely. We are trying to buy with the same dollar that growth. So I don't have a dollar or two to put on the table, but I am trying to meet with that dollar or two the increased demand that we have been getting from throughout the entire agency.

Mr. Skeen. That is indicative of what is going on from the producer side of this thing, because if you are in the farming business, you have got to have help in getting through these systems. But then if you can't even deal with your local USDA personnel it makes it very difficult. This is a new age, and I don't know why government is always the last one to know about what is going on. Of course, we are getting fewer and fewer agricultural producers. If they are not with the science, it is very difficult.

Mr. Hinchey.

OFFICE CLOSURES VS. WORKLOAD DEMANDS

Mr. Hinchey. Thank you very much, Mr. Chairman.

Mr. Leo, I don't want to keep beating this horse to death--
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Mr. Skeen. We have him lathered up pretty good.

Mr. Hinchey. I do want to get on the record that this year the USDA is going to be required to deliver about \$55 billion in services, and since 1993, you have closed 1,000 county offices across the country, and that those that remain have been cut back by more than 10,000 positions, all since 1993.

I understand the motivation behind that, and I think what you are trying to do with this SSB obviously is going to help achieve these efficiencies. You have got a problem now where people can't communicate, not just between the field and Washington, say, for example, but right within their own offices. So that has to be corrected, and I know that that is a major part of your objective.

But my concern is that while you guys are working to be more effective and more efficient, that you are not getting the services out to the people who need them. I say that from practical experience in New York. If that is happening in New York, it has got to be happening in a lot of other places across the country.

Mr. Skeen. Miss. Kaptur.

HIRING AND RETENTION OF ITS STAFF

Ms. Kaptur. Thank you, Mr. Chairman. Again, sorry for the musical chairs here this morning.

I want to thank Mr. Hinchey very, very much for pinch-hitting here for us on our side of the aisle.

I wanted to ask a question about overall staffing, Mr. Leo, in terms of the people that are leaving, those through attrition, and the ones that are left.

How successful are you within the agency in being able to serve the public and match the professional needs that you have based on where people are leaving versus those who remain? What is the match between what you really want to accomplish and the skills of those who are left to do it? That is the first question.

Secondly, in talking with employers back home, and even here in the Congress among our own staffs, it is harder and harder to hire because of the job market. It is getting tighter, and we also need people who are highly skilled, and I wonder how you are doing competing certainly in the high-tech area, but as well as other professional areas, in terms of salaries, benefits and attracting people to government service at USDA. Are you having trouble hiring staff?

Mr. Leo. Yes, thank you. Actually my deputy Ira Hobbs is leading a task force on behalf of the entire Federal Government and the information technology arena in particular, with the CIO Council, and in our own Department we have joined with an OPM effort to examine our IT, information technology, employment situation with an eye towards trying to figure out new ways of competing. So my answer, if I am correct in hearing you, is for the information technology profession.

Let me just be very honest and say--I am always honest--but say to you we have got a problem. It is clear. To start with, at the Federal Government, we are not very competitive. The issues in information technology are going so fast and the demand for these IT professionals is so high that we in the Federal Government, given where we currently are, are behind. In USDA I think the situation is equal or worse.

Ms. Kaptur. You said we are----

Mr. Leo. We are behind in our ability to retain, not just attract. One of our phenomena is we have a good attitude toward training and providing knowledge so they can be very productive

in the work force. Unfortunately, as soon as we train them, the private sector goes, great, I will pay you that much more, whatever, and give you this responsibility, and they are gone. I wanted to say in the Federal Government in general, this is a very serious problem, and we are examining this issue.

In USDA, I think we are equal or worse in our situation. The reason for that is we have had a very dedicated work force. It is now aging, like fine wine, aging real fine, but since our work force has declined, we have not had as much of the entry level coming in. So now we have got an average age of 46 or 47 in the IT community, and with about 18 years of service. So we are going to be facing some serious attrition. This is why my deputy, Ira Hobbs, and our Department, volunteered with OPM to examine ways that we can strengthen not only the recruitment, but retention of our IT workforce.

We would be happy to give you, if you would like, some further details of that work force in USDA for the record.

Ms. Kaptur. We would appreciate that.

[The information follows:]

CURRENT IT VACANCIES

Ms. Kaptur. You have openings right now then that you are not able to fill?

Mr. Leo. Well, it really depends. First of all, the senior managers have to make sure they have what we call staff years. So if there is a vacancy, do I put that staff year in information technology? Assuming they make that decision, when we put them on the board, it is very difficult to us to attract a pool. I don't think it is hard to get somebody to apply for a job. It is a different story to get somebody who is qualified for that job to apply. I think that is where we face the challenge.

Retention, I would say, is equally as tough as the ability to get the job filled in the first place. We are finding that the turnover rates are very difficult, because, as I said, once we have them trained, they are gone.

But I would say generally to you we are having a hard time recruiting. Back in my old agency, I was with the Food and Nutrition Service prior to taking this job, we would advertise sometimes three and four times for a programmer, software programmer, before we would get somebody on board. That would take 4 or 5 months to get that person.

AGENCY FUNDING OF CCE

Ms. Kaptur. This is very interesting listening. This sounds like what I hear in my district from many of my CEOs of our locally-based companies in terms of the job behavior and tenure, et cetera.

I wanted to just ask one final question here, and that is within the budget for information technology, if you did receive the \$75 million for the Common Computing Environment, would you still need to tap FSA and NRCS and Rural Development budgets for some portion of what you need to spend for those

activities?

Mr. Leo. Yes. I am aware that in our budget submitted for the year 2001, that the agencies, in looking at their individual needs at the agency level, have some monies in that to add to the \$75 million. I believe our total, if everything would work, the total available would be \$137 million, \$75 million of which comes from what you have just stated, and \$62 million from the agencies' budgets, which has to do with other than the Common Computer Environment in general. That is basically to support our business process reengineering; getting the modernization, if you will, of the way we do our programs the old-fashioned way, getting them to do it the new way; streamlining our forms, getting our forms in electronic format; looking at the job flow and saying, we can do it better than the way we are doing it; getting teamwork between, for example, various conservation matters that may be in FSA and in NRCS.

So we have these teams working on business process reengineering. Once we discover what we want to do, we pilot it before we decide to roll out Nationwide. The monies in the agencies are to handle that part of the business. The \$75 million is to handle, if you will, the electronic bricks and mortar, the infrastructure costs, to do our program.

Ms. Kaptur. Thank you very much. Again, I want to thank my colleague, Congressman Hinchey, for helping me out this morning and helping the committee out. Thank you very much.

Mr. Skeen. Mr. Hinchey.

CONTRACTOR SUPPORT IN 2001

Mr. Hinchey. Thank you, Mr. Chairman.

With regard to the common computing environment, Mr. Leo, I think it is very clear what you are trying to do is the right thing. There is no question about the need. There is a question, I think, about the ability to bring the system up to where you want it to be within the time frame that has been set out. I know you have engaged some outside help, Lockheed Martin, for example, in looking at some of the security needs of your system, which, of course, is very important. I am wondering if you are going to need any additional outside help in that regard, not just with security, but in implementing the entire system.

Mr. Leo. Yes. Our plan, there are basically three components in the budget request before you. Each one does have some contract assistance. The \$75 million request for the Common Computer Environment involves principally buying the application servers or communications servers. So equipment manufacturers, for example, will be a large part of spending those monies. In addition, we will have contractor support in applications and development, for example.

In the \$6.6 million, the security initiative, the first chunk is for staff. We were asking for 12 staff years to get the security staff in place at the corporate level. There is contractor assistance in enabling us to understand where we are, for example, in digital signatures, what are we doing, where is it going in the commercial sector and the government sector so we do our smart buys, because you can't just buy

anything.

These days you can invest in one piece of technology for security, only to be negated not by some willful matter, but just by lack of knowledge. You went out and bought another piece, and now you have negated your security components that you put in somewhere else. So we must think corporately in our security, and we will need high-level contractor assistance in order to assess where we are and to make recommendations to us about which way and how to proceed.

We also want to evaluate, and we will need contractor assistance, to help set up our corporate-level computer security programs. So I see a very healthy mix between our own employees and contractor assistance in carrying out the IT program of the Department.

PRIVACY AND DATA SECURITY

Mr. Hinchey. I mentioned Lockheed Martin because I was encouraged to see you had engaged them, frankly, because I know in the private sector, they have done some very remarkable work with regard to integrating computing systems and making them run much more efficiently. They are noted as a defense contractor primarily, but they have done some very important and comprehensive work in this field generally in the private sector. So I think that they could probably do a very good job for you, too.

I know that you are concerned about the issue of information security, which is understandable. After all, people are applying for mortgages, for example, in the rural housing program under USDA and have to provide the same kind of information they would provide to a bank. It is important to have that information secure within your system.

There is also another issue, the issue of privacy, and that is the issue of protecting the data that people supply to the Department, personal data, from the unauthorized use by other people. It has become a major industry in America today for certain people to, in effect, surf through the various systems to which they have access, compile information, and then market that information out in the marketplace.

So, I would just urge you, and I would--beyond urging you, I would like very much for you to be able to tell us at some point, not necessarily today, but at some point, to what extent you are structuring your operation in order to ensure the privacy of the people who provide very private personal data to you in the context of their applications.

Mr. Leo. Yes, sir, I will do that. I do have overall privacy responsibility at the corporate level, which is one of the responsibilities in the Office of the Chief Information Officer.

Mr. Hinchey. Thank you very much.

Thank you, Mr. Chairman.

Mr. Skeen. Thank you.

Mr. Kingston.

THE DIGITAL DIVIDE

Mr. Kingston. Thank you, Mr. Chairman.

Mr. Leo, one of the things I have noticed is, you know, you have some funding for digital divide, and, we talk about that. Sometimes I wonder how real that is. I know, for example, farmers want less paperwork, but they don't mean they want more computer work in place of less paperwork. They just want to have less to process.

How are you handling that? I know a lot of the rural community does not have the hook-up capacities. In the FAC where I live, which isn't in a rural area, but it is in a suburban area, we don't have the capabilities they do in the city in terms of Internet access. We have a lot more problems with the wiring in, and rural America has more problems with the wiring. How is that challenge being handled?

Mr. Leo. Well, sir, thank you. It is a big challenge. By way of statistics one of our organizations, NASS, had compiled in 1999, for your information the National Agricultural Statistics Service found that 29 percent of farms now have Internet access, and 47 percent of the farms have access to a computer.

But, there is a big difference between the larger and smaller farms. As you might guess, 77 percent of farms with sales over \$250,000 have access to a computer, and 52 percent have access to the Internet. So a little over half have Internet access, and three-quarters of them, if they are over \$250,000, have Internet connectivity. However, if you go below \$250,000, only 45 percent of the farms have access to computers, and only 27 percent of them have access to the Internet.

The Secretary is also concerned, and I think excited. He has established a new group, a new task group within the Department, to look at what we have done as well as where we are going. For example, we have very exciting news, positive news, in Rural Development, about their commitment to telecommunications. They have sunk billions into telecommunications for rural America. They have done things like education, and telemedicine and so forth. I mean, the Department of Agriculture has done some very progressive and exciting positive things to close the digital divide, if you will, in rural America.

We also have a very healthy program of donating computers. We have donated over \$1 million worth of personal computers to nonprofits. So now the Secretary has put together a task group, of which our office is a member, in looking at now what else can we do to close the digital divide.

I agree with you wholeheartedly that we don't want to use automation to make the farmer, if you will, work just as hard or harder. The vision is obviously to do less. We capture the data once, if we have a good data management program going on. Once we got the farmer's address, data, and the information we need, that information is still good when he is applying for a loan, or applying for other assistance in USDA.

So our vision is, yes, to make less work. In essence, if you look at the future way after I am gone, we are probably looking at something like 24 hours a day, 7 days a week we would be able to provide service electronically to our rural customers. Why? Because when we look at the Internet, and we look at Web sites, and we look at the ability to move

information, as they say, in Internet time, like real time. I see in the future that we are not saying we don't need personal service, but we do need to go out to your farm and do need to work with you right there with the soil, or right there with the housing situation that we need to repair or so forth. I think we also could do a lot with the Internet and with our constituencies.

MYRIAD OF WEBSITES

Mr. Kingston. Let me ask you this also. You have a myriad of Web pages that you talk about in here. That is very impressive. Just quickly, if I am getting on and I want to find out what is available to me, I know you have one for plants, I think it is 57,000 hits a month.

Mr. Leo. The best one in the country. Every plant that exists is run by NRCS's system.

Mr. Kingston. If I don't have those, how do I get those addresses? Do you go to the USDA Web page?

Mr. Leo. It is very difficult. I would say we are no better than a lot of folks trying to figure out how to get what we would call a corporate portal, so when you want to know anything about USDA, we could migrate. You go into the portal, and you could do like Yahoo, or you could do whatever. I admit we cannot do that today. So you would be frustrated, searching all over the place.

The initiative that you see, I have here, the \$2 million initiative is an attempt to look. I don't want to discourage the agencies from doing e-government. They are doing a wonderful job. We need a more corporate approach.

To answer your question, we need to research that portal vision. I don't know what to do yet, but I know we have to look into it and research it.

Mr. Kingston. Thank you.

CLOSING REMARKS

Mr. Skeen. Mr. Leo, on that note, with a vote we have coming, I want to tell you we appreciate your being here today. You are not the only governmental agency that has this problem. I think it is endemic to many others as well. But I think you are doing an awful lot to correct the problem and move in the right direction. So, with that, we are going to say thank you very much. If we have anything else, we will be in touch with you.

Mr. Leo. Thank you, sir.

Mr. Skeen. Have a good day.

[The following questions were submitted to be answered for the record:]

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